

EUROPEAN NEWS

Swedish commission calls for sharp increase in savings

BY WILLIAM DULFOURCE

STOCKHOLM, Jan. 30.

SWEDEN'S Capital Market Commission today called for a sharp increase in both private and public savings, in order to boost industrial investment. Export companies needed more capital to finance their expansion, and the commission wanted a similar 10 per cent. limit to be brought into balance by 1985, the Commission said. By then, the country's gross foreign debt could have soared to Kr.120-150bn. (£13.3-£17.7bn.).

The Commission was particularly concerned about the decrease in the input to the Swedish capital market of the National Pension Fund, in proportion to GNP, its contribution has been falling since 1973.

The need to raise company profits and household savings is emphasised by the Commission, which notes that company savings have declined from 9 per cent of GNP in the 1950s to 2.5 per cent. in 1976. However, the Commission leaves it to the Government committee examining a proposal for collective shareholding funds to come up with more detailed proposals on how this trend is to be reversed.

As partial compensation for the decline in National Pension Fund investment the Commission proposes that the limits on private insurance company

Soares pledge on IMF and EEC

By Jimmy Burns

LISBON, Jan. 30.

PRIME MINISTER Mario Soares today firmly committed himself to prompt resumption of negotiations with the International Monetary Fund, and to his country's entry into the European Common Market, stressing that the survival of Portuguese democracy was dependent on a solution to the present economic crisis.

While promising that his Government would be pre-



Sr. Mario Soares

pared to negotiate future policy decisions both with the opposition parties and the trade union movement, Sr. Soares emphasised that it would exercise firmness with those sectors of the population who sought political solutions outside the "accepted democratic framework."

Sr. Soares was speaking at the swearing-in ceremony of his new Government, which he has described as having "a socialist base with Christian Democratic personalities."

Portugal was tired of "disorder, democracy and fruitless political agitation," he said. The time had come to make a country that was truly democratic, open, modern, tolerant and progressive, and one that was prepared to take its place in the European Community.

His acceptance speech was followed by a lengthy discourse by President Antonio Ramalho Eanes who, unlike his Prime Minister, devoted his attention almost entirely to economic problems and what should be the Government's solutions to them.

Considering Portugal's massive external debt and accelerated inflation, President Eanes said, the main objectives of the Government should be the promotion of new fields of exports, with priority treatment given to the development of agriculture and fisheries.

The public sector should be made more profitable, and a serious re-organisation of Government administration must be carried out.

President Eanes, while recognising the need for a programme of austerity, pointed out that this should not lead to the sacrifice of social services. The people had a right to expect the proper administration of education, health, housing, transport, and welfare.

He listed three factors which he thought favoured the success of the Government's projects, despite the critical financial situation: international co-operation; the political nature of Portugal's armed forces; and the confidence of the Portuguese people in the country's democratic institutions.

The Government will now devote itself to the task of settling on the necessary economic programme, which it must present to Parliament by Thursday. There will then be five days of discussion at the end of which it will seek a vote of confidence. This will then pave the way for Dr. Victor Constancio, the Minister of Finance and Planning, to present his budget on or around February 10.

Andreotti finalises economic plan

BY PAUL BETTS

SIG. GIULIO ANDREOTTI, the Italian Prime Minister designate, following Sig. Andreotti's second round of negotiations with political parties later this week, there was a growing risk of fresh elections to political and trade union leaders as a possible basis for forming a new government.

But while there appears to be general consensus on the proposed Andreotti economic package, there is still a deadlock over the key issue of a new government formula which could meet Communist demands for a direct role in power. These demands have so far been firmly rejected by the Christian Democrats.

Unless a compromise is found, following Sig. Andreotti's second round of negotiations with political parties later this week, there was a growing risk of fresh elections to political and trade union leaders as a possible basis for forming a new government.

Sig. Andreotti's economic programme is understood to cover a three-year period, providing for a containment of public expenditure this year to 124,000bn. (£16bn.), an increase to 4 per cent. over the proposed 2 per cent. 1978 growth rate, and the financial restructuring of all State and private industries.

The programme also envisages the creation of some 120,000 new jobs providing that the labour movement contains its wage claims and accepts the principle of labour mobility.

In the last few days, there have been increasing signs of a significant change in the attitude of the leadership of the trade union movement with indications that it is prepared to adopt "realistic" wage policies and accept, at least in principle, the concept of labour mobility in exchange for a firm guarantee of job creating investments.

However, the timing of the shift in trade union policy, which has been backed by the Com-

Grim outlook for W. German chemicals industry this year

BY GUY HAWTHIN

WEST GERMANY'S powerful chemical industry will have its back to the wall this year, according to Professor Matthias Seefelder, chairman of the industry's federation and chief executive of BASF, one of the Federal Republic's big three chemical concerns.

The industry, he said, was under severe pressure from high wage costs at home and stiff competitive pressure abroad.

Professor Seefelder, who said that 1978 would be a year that decided the fate of the industry, issued a strong warning to I.C.C. Chemie, the powerful chemical workers' union. A struggle on the pay front would be "catastrophic," he said.

Wages in the West German chemical industry were among the highest in the world, but the chemical concerns would not be able to keep this up for ever. Potential savings through rationalisation—a process which has long been going on in the industry—were now largely limited and it was no longer possible to offset world-wide pressure on prices through cheaper raw materials.

The situation was particularly difficult in the fibres and mass-plastics sector. "Only a crack pot would still invest in these sectors," he said.

One of the special factors that depressed West German chemical concerns' profit was the steep

decline in the dollar. This had really hit export earnings.

West German chemical concerns were operating in many markets, particularly overseas, on a "no-profit" basis in order to maintain their market shares and levels of capacity utilisation. The volume of export growth last year—between 2 and 3 per cent.—illustrated the tough competitive situation.

Prof. Seefelder said that 1977 had been a disappointing year for the West German chemicals industry. For a start, growth had been below that recorded by industry as a whole. Furthermore, unlike other years, it had been impossible to offset weak demand at home with increased exports.

Berlin talks seek end to dispute

BY LESLIE COLT

EAST BERLIN, Jan. 30.

EAST AND WEST German representatives have held a "useful" high-level meeting here in an attempt to end an especially difficult phase in their relations.

In the course of this month East Germany has closed down the East Berlin office of the West German news magazine Der Spiegel and barred Herr Helmut Kohl, the leader of the West German Christian Democrats from entering East Berlin.

East Germany has been accusing the West German media of slanders against it, largely because of a Der Spiegel report on an alleged opposition movement within the East German Communist leadership. Although there were many discrepancies in the report the impact on East Germans was nevertheless considerable, judging by the nervous

reaction of the East German Government.

West Germany's chief political trouble shooter, Herr Hans-Jürgen Wischnewski, was here last October he negotiated with Somalia to help gain the freedom of passengers aboard a Lufthansa jet shot down in the West.

He talked for 34 hours with Herr Hermann Axen, the East German Politburo's specialist on foreign relations, and Herr Oskar Fischer, the Foreign Minister, in the sprawling Central Committee building, where they covered the gamut of neutral points.

The statement issued by the East German Government news agency afterwards said East Germany had expressed its readiness to "continue the process of normalisation." A prior condition, however, would be to separately

"restore a businesslike atmosphere between the two states."

A fresh sign of just how seriously East Germany and the Soviet Union regard reports of an active opposition in the country is that the Soviet ambassador here, Mr. Piotr Abramov, has been ordered to the sections of Der Spiegel report alleging that the opposition group wants to break the alliance with the Soviet Union.

Mr. Abramov, at a reception at the Soviet Embassy, said "the unbreakable union between our countries and peoples naturally excludes any form of opposition."

They pour streams of lies and invecutive over us because they do not want the peoples of the Socialist fraternal countries to live together but instead separately."

Irish wage negotiations break down

By Giles Merritt

DUBLIN, Jan. 30.

JUST 48 hours before the Irish budget is presented, representatives of the Republic's employers met today in Dublin to discuss the collapse of crucial talks on a 1978 national wages pact.

They also discussed the deadline set by the 90-union strong Irish Congress of Trade Unions for resumption of negotiations by Friday. The unions are blaming the employers for the breakdown in Ireland at the weekend and are threatening to resort to a wages freeze—all unless the Federated Union of Employers returns to the negotiating table.

Wage restraint is an essential element in Ireland's forthcoming budget, which is expected to include compensating income tax concessions, but the Irish unions appear determined to reject the 5 per cent. wage increase the government has recommended.

The Irish Government was recently warned that any pay deal of over 7.5 per cent could end the republic's present growth spurt.

Finland has first trade surplus for a decade

BY LANCE KEYWORTH

HELSINKI, Jan. 30.

A REMARKABLE improvement have come as a shock, though they were predictable. The number of unemployed today is nearly 200,000, about 9 per cent. of the labour force. But Mr. Timo Rander, head of the economic division of the Ministry of Finance, says that this will be the peak, affected partly by seasonal factors, partly by temporary lay-offs.

Inflation was about 13 per cent. in 1977, the official forecast for the current year is a mere 5 per cent., which seems over-optimistic. Yet it might be achieved if external factors do not change unduly. Wage increases due in March have been postponed to September, and those due in October have been put off until February, 1978. Prices are virtually frozen.

Much depends now on party politics. Industry needs more effective stimulation programmes than the two introduced by the present Popular Front Government in the past six months. Direct priming of the economy or indirect stimulation in the form of reduced taxation both require financing which involves foreign borrowing. Finland's foreign long-term debt is now Fmk.25,550, 21 per cent. of the GDP, but the Finns recently raised a loan in the German bond market on very favourable terms.

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Solzhenitsyn facing £1m. Swiss tax bill

By John Wicks

ZURICH, Jan. 30.

THE TAX administration of Canton Zurich is claiming Sw.Frs.1.5m. (about £1m.) outstanding taxes from the Russian exile author Alexander Solzhenitsyn. Last July sizeable assets were seized from Mr. Solzhenitsyn, who lived in Zurich for some time after leaving the Soviet Union.

His Swiss lawyer, Dr. Erich Gayler, has confirmed that the sum is being claimed by the Canton but says the demands are disputed. The taxes in question are the 1977 contributions made by Mr. Solzhenitsyn to a "social fund for the politically persecuted." This fund—whose proceeds are intended for the politically persecuted in the Soviet Union—was registered as a foundation in Zurich in August, 1974.

The Zurich tax laws foresee partial tax freedom for income transferred to charity, and full tax freedom for charitable foundations, themselves.

The social fund, according to Dr. Gayler, received the author's income from the book "The Archipelago" and from certain other works. The Gulag novel accounted for some 90 per cent. of the fund's receipts from Mr. Solzhenitsyn.

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Austerity package to curb Norway's spending boom

BY FAY GJESTER

OSLO, Jan. 30.

A PACKAGE of austerity measures, aimed mainly at curbing Norway's consumer spending boom, was announced by the Norwegian government at the weekend.

Hire purchase rules are being tightened; particularly for car buyers, who will have to put down 80 per cent. of purchase price and pay the rest over only six months. For other goods, a 50 per cent. down payment, with the balance payable over a maximum of one year, will be the rule.

Lower loan ceilings have been imposed, not only on private banks and finance companies, but on the state bank and high grants loans to local authorities. Bank loans to finance the purchase of consumer goods will be harder to get; the further belt-tightening moves are expected in connection with the rise in the prices and incomes settling in this spring.

This year, and the savings banks will make a 100,000 cut. Pleasure boating will be hit two ways—by a new £40 per year tax on boats worth £10,000 or more, and by the abolition of a tax concession on some kinds of boat petrol.

At the same time, personal savings are being encouraged in two ways—by some minor tax concessions and by the issue of five-year state savings bonds paying an average of 10 per cent. interest annually—a high rate, by Norwegian standards.

The opposition has promised support for these measures, in view of Norway's difficult economic situation, with record payments deficit and high cost levels which have made it hard to sell Norwegian goods on foreign markets. Further belt-tightening moves are expected in connection with the rise in the prices and incomes settling in this spring.

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Protest at fishing quotas

BY OUR OWN CORRESPONDENT

OSLO, Jan. 30.

THE EEC Commission proposals to 230,000 tonnes (excluding North Sea fish quotas) have caused a strong protest from the Norwegian fishing industry. The Norwegians say the overall quotas are too high in November. The Commission made a conservation standpoint, mission also proposes to raise the EEC's share of the total, in run counter to the preliminary understanding reached in the EEC and the EEC sea satellite is caught inside Norway's economic zone.

Mr. Knut Vardal, the Norwegian Fisheries Director, said today that if the Commission did not lower the North Sea quotas Norway would have to cut the quotas allocated to the EEC in its economic zone.

● Airport authorities have ordered compulsory arbitration of a dispute by pilots' pay and the proposed total quota working conditions which has led, in particular, to far sharply reduced helicopter flights high. It has been increased to North Sea oil platforms.

Unemployment rises in Denmark

BY HILARY BARNES

COPENHAGEN, Jan. 30.

EMPLOYMENT in Denmark averaged 7.3 per cent. of the labour force last year, according to the Bureau of Statistics. The average number of unemployed increased from 126,000 to 154,000, including unemployed part-time workers. In December, unemployment rose to 191,000, or 8.9 per cent., compared with 7.9 per cent. in December, 1976.

The Bureau of Statistics' industrial expectations survey showed that companies expected first-quarter output, employment, and domestic orders to decline, while export orders are expected to increase.

In the final quarter last year, output and export orders increased moderately in line with expectations at the beginning of the quarter, but employment and domestic orders fell.

At what must have been a singularly depressing meeting of the Soviet Council of Ministers last week, some of the blame for lagging growth and continued inefficiency in 1977 was apportioned to mistakes which failed to complete projects (uncompleted projects accounted for 80 per cent. of invested capital in 1976) and were slow to enlarge plant capacity and instal needed equipment. Individual enterprises were criticised for squandering money and under-utilising expensive machinery once it had been acquired and over-consumption of raw materials.

The results of these "short-

comings" bode ill for an economy which has shown a loss of dynamism and steady downward drift in most key economic indices since the end of the Second World War. The detailed 1977 plan results published in Soviet newspapers show that by as much as 12.3 per cent, a 170bn. rouble investment in agriculture built into the present Five Year Plan. The various consequences of the shortfall in agricultural production, including extensive wheat purchases in the West and cutbacks in expenditures elsewhere, may mean that the 1980 target for national income will not be reached until 1981.

There was some encouragement for Soviet planners in the industrial production results, which exceeded plan expectations by small margins. Industrial output which had been targeted to increase 5.6 per cent., actually grew 5.7 per cent., and heavy industry or category "A" production increased 6.0 per cent. compared with a target of 5.9 per cent. in the plan. Category "B" or consumer goods production grew 5.0 per cent. compared with a plan target of 4.9 per cent.

The 1977 industrial targets, however, were the second lowest in at least 30 years and in spite of this many important branches of industry did not fulfil their production quotas.

Oil production in 1977 was 546m. tonnes, just less than the target of 550m. tonnes. The absolute shortfall is a relatively small one, but it is significant in the context of the country's oil production on a per centage basis was only 5.0 per

cent, the lowest annual percentage since 1970 and well below the average increase in Soviet oil production since 1960 of 8.1 per cent. The 1977 figures may partially corroborate the pessimistic CIA prediction that Soviet oil production will peak by the early 1980s.

Soviet production of gas, a critical hard currency earner, exceeded its plan target. Coal production in 1977 was 722m. tonnes, compared to a plan target of 733m. tonnes, and Soviet steel production was 147m. tonnes, compared with a plan target of 152m. tonnes. Gas production reached 345bn. cubic metres, exceeding the plan target of 342bn. cubic metres.

When the first 1977 economic results were released last week, the Communist Party newspaper Pravda said that they demonstrated the country's social programme was being "successfully implemented."

On examination, however, there is ample evidence that the general slowdown in production has made its impact felt in the areas of social services and private consumption as well.

Per capita income in the Soviet Union increased only 3.5 per cent. in 1977 compared with a plan target of 4.5 per cent, the smallest increase since 1963, already sizeable and continuously growing hard currency debt,

and service employees increased only 2.7 per cent. and those of collective farmers went up 4.3 per cent., presumably to bring their overall pay level closer to that of the rest of the population.

Retail turnover also fell short of its target, increasing by 4.4 per cent. against a target of 4.8 per cent., the lowest increase since the early 1960s and an indication of shortages of goods to buy.

Housing construction during 1977, an important indicator of social progress in a country where many still live in extremely crowded conditions or in communal flats, totalled 110m. square metres but this too was short of the plan target of 112.1m. square metres.

The value of Soviet foreign trade increased substantially during 1977 by 11 per cent. to value of nearly \$3bn. roubles (£467bn.). The share of trade with the West is being scaled down. But the need to import both wheat (to make up for the harvest shortfall) and sophisticated equipment (to help in the increasingly difficult effort to fulfil even the modest goals of the 1976-80 Five Year Plan) may push it back up again. That could increase the Soviet Union's already sizeable and continuously growing hard currency debt,

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TURKEY AND THE OIL MAJORS Aegean Sea search proposal

By David Tonge

ANKARA, Jan. 30.

FOREIGN oil companies might secure a better atmosphere for their operations in Turkey if they were to collaborate with the Turkish Government in searching for oil in the Aegean Sea. This is the proposal made here today by Turkey's new Minister of Energy and Natural Resources, Mr. Deniz Baykal. With Greece and Turkey at odds over the Aegean Sea proposal is a somewhat barbed one and appears to reflect the long tradition of reservation, with which the ruling Republican People's Party has long treated the oil majors.

Asked in an interview about the future of BP, Mobil and Shell in Turkey, the Minister adopted a low-key approach, saying: "At this critical moment it is difficult to make long-term forecasts but I feel confident that in certain areas collaboration is possible. In particular, the foreign oil companies might work with

For the first time since the founding of the Turkish Republic, a bank dominated by foreign capital has been authorised to start full commercial operations in Turkey, writes David Tonge. The Arab-Turkish bank, owned 40 per cent. by the Libyan Arab Bank, 30 per cent. by the Kuwaiti Investment Bank and 20 per cent. each by two Turkish banks, the Anadolu Bank and the Türkiye İ Bankası. The new bank opened its doors in Istanbul earlier this month, its aim being to channel Libyan funds to help Turkish development.

TPAO, the Turkish Petroleum Administration, in searching in the Aegean. That might create a more acceptable atmosphere and help them feel freed from various suspicions."

One of these suspicions is that the foreign oil companies have dragged their feet over prospecting activities in Turkey—voices in the RPP would have it. While Shell has long produced in Turkey the crude necessary for its share of the Atlas refinery, BP and Mobil have to make imports. Oil company sources say the two companies are owed respectively \$45m. and \$105m. both debts being the result of \$3bn. payments queue run up by a hard pressed Turkey.

Import needs in 1978 are 2m. tons of petrol products and 13m. tons of crude. Financing of these has become a critical problem. A \$334m. debt to Iraq means that for more than a month this country has suspended supplies to Turkey from the joint pipeline, while continuing pumping for export.

Mr. Baykal said that Turkey is now negotiating with both Iraq and Libya for new financing arrangements for its petrol needs. He refused to comment on how the Government will handle the long-standing dispute over the margins allowed BP and Mobil for refining operations. BP has been trying to sell its 17 per cent. share in the Atlas refinery to the state.

The Minister is being set up a special group to be set up to evaluate the precise ways of "potentially important" uranium deposits under the Black Sea, and how to solve the technical issues involved in extraction.

Asked when daily electricity cuts plaguing the country would end, he said only in the second half of 1980 would Turkey begin to have reserve generating capacity. Present capacity was 8 per cent. below actual demand and 25 per cent. below capacity necessary if normal reserve margins were taken into account.

A financial agreement covering electricity imports from Bulgaria was signed last Friday. These imports have been at the rate of 50m. kw/h per month and are to be increased in 1978, while imports from the USSR at the rate of 20m. kw/h per month are to start later this year. The Minister also said that Turkey is negotiating electricity purchase from its long-hostile neighbour, Syria. He said that the worst electricity shortages would be this year and in the second part of 1979. He was hoping to speed up completion of various major lignite-burning power plants, but this required foreign exchange.

The 800MW nuclear reactor planned for the Mersin region would not be completed before 1985, the Minister said.

● THE NEW Turkish Government of Mr. Bulent Ecevit has decided to fix the country's imports in 1978 at \$4,850m., the level recommended by the International Monetary Fund (IMF). The Minister of Commerce, Mr. Teoman Koprulu, said of this total that \$1,475m. would be for capital investment goods, \$2,21m. for durable industrial products and \$175m. for consumer goods. The figure established is \$500m. below 1977 levels. With exports which last year were \$1,733m., expected to reach \$2,56m. this year, the Turkish Government hopes virtually to halve the trade gap. It also hopes for an increase in the supply of workers' remittances channelled to the country through legal means. The country is in agreement with the IMF, has said that it will put its house in order before approaching international credit institutions.

Soviet economy misses targets and worries authorities

BY DAVID SATTER IN MOSCOW

predictable prelude to incoming bad news. Soviet readers treated early this month to a letter from their Government on the front pages of the newspapers urging them to join the struggle for "quality and quantity."

Timing of the letter may have inspired many Soviet readers to New Year's resolutions but it was a fitting prelude to the publication last week 1977 economic plan results were in many respects disappointing since the end of World War.

At what must have been a singularly depressing meeting of the Soviet Council of Ministers last week, some of the blame for lagging growth and continued inefficiency in 1977 was apportioned to mistakes which failed to complete projects (uncompleted projects accounted for 80 per cent. of invested capital in 1976) and were slow to enlarge plant capacity and instal needed equipment. Individual enterprises were criticised for squandering money and under-utilising expensive machinery once it had been acquired and over-consumption of raw materials.

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The Soviet Union may not fulfil its 1976-80 Five Year Plan or make the economy more efficient.

This figure is believed to be unreliable, however, because of the 1973 price base on which it is calculated, and Western economic experts believe Soviet agricultural output actually decreased in 1977 by 5.0 per cent. This is particularly disastrous in comparison with the 10 per cent. increase in agricultural output believed to have been called for in the plan.

The agricultural setback stemmed from the disappointing 1977 grain harvest of 195.5m. tonnes, which was 17.3m. tonnes short of the grain harvest target of 213m. tonnes. Its effect, however, is likely to be felt throughout the economy which is already strained by the enormous

cent, the lowest annual percentage since 1970 and well below the average increase in Soviet oil production since 1960 of 8.1 per cent. The 1977 figures may partially corroborate the pessimistic CIA prediction that Soviet oil production will peak by the early 1980s.

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AMERICAN NEWS

U.S. 'will not support particular \$ rate'

By Our Own Correspondent

WASHINGTON, Jan. 30. THE U.S. will not intervene in the foreign exchange markets to maintain a particular rate for the dollar, but "recognises its responsibility to act forcefully" to restore order to the markets.

This restatement of existing policy, together with a reaffirmation of U.S. belief in the system of floating exchange rates, is contained in the international section of the annual report of the President's Council of Economic Advisors.

"In summary," the report concludes, "while exchange rate fluctuations some times have been unduly large and are often unpleasant reminders about unsatisfactory aspects of underlying economic conditions, the evolution of the system of market-determined exchange rates has been a major achievement of this decade."

The report is sceptical of the lasting impact of official intervention on exchange rates, noting particularly the rather modest appreciation of sterling after the British Government had ended its policy of massive intervention on October 31.

"While intervention can be a useful tool in restoring order to exchange markets," the CEA report states, "substantially larger intervention than seen in 1977 would be necessary to have a large effect on rates for any time."

The CEA report also renews an American exhortation heard frequently last year that the surplus countries must do more to stimulate their domestic demand and capacity utilisation. The report names no names, but rather provides a broad prescription of the right economic policies or the industrialised nations, embodying "fiscal restraint to keep demand within the productive potential of the economy and continued stimulative monetary policy and special incentives for investment."

The CEA also makes a strong pitch for the strengthening of international financial institutions such as the IMF and the World Bank to enable them to play full roles in the adjustments and development processes.

Wheeling-Pittsburgh

WHEELING-PITTSBURGH Steel Corporation said that Mr. Robert E. Lauterbach has resigned as chairman, but will continue as a director. The company said that Mr. Dennis J. Carner, president, will assume the additional duties.

Changes to tax package 'could have adverse effects'

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Jan. 30.

THE CARTER Administration warned today of the adverse economic consequences of Congress either significantly increasing, or reducing, the proposed \$24.5bn. tax cut package.

Both the annual report of the Council of Economic Advisors, and congressional testimony by Mr. Michael Blumenthal, the Treasury Secretary, contended that too much stimulus, as advocated by the Republican leadership's call for deeper tax reductions, could incur an inflationary risk. Too little, suggested by some prominent Democrats, could seriously impair economic growth, he said.

The CEA report, repeating figures outlined in the budget and tax announcements last weekend, forecast real growth of 4.5 per cent. this year and next with the tax cuts, while, without them, growth would drop off substantially towards the end of this year and decline to only about 3.1 per cent. in 1978, with consequent upward pressure on unemployment.

The CEA's projections are that the public works and jobs programmes, with larger than usual tax refunds this spring, will continue to serve as economic spurs in the first half of the year.

Their impact will then fall off, to be succeeded, assuming the tax package goes through, by a pick-up in business investment and consumer spending.

In contrast to several private, and at least one official, forecasts, the CEA sees capital investment going up by between 7.8 per cent. in real terms this year, with the growth concentrated more in the latter half, as tax benefits and incentives are felt.

It notes that the most recent survey on plant and equipment spending by the Commerce Department suggests a slower rate of growth, but suggests that the recent behaviour of some important leading indicators of investment activity (including non-defence capital goods plus new plant and equipment projects and new capital spending authorisations) are much stronger than the narrower Commerce Department analysis reveals.

The CEA anticipates that short-term interest rates will be "moderately higher" in 1978 than in 1977. This it says would be "consistent with a gradual technical expansion of demand for money and credit relative to supply." But it foresees little change in long-term rates.

The CEA also forecasts an increase in housing investment of about 5 per cent. in real terms this year compared with last year, accompanied with last year's record of 1977.

which was of course a record for the foreign sector, the CEA projects, will neither significantly contribute to, nor detract from, domestic expansion in 1978.

Blumenthal's arguments were devoted to the need to introduce greater equity into the tax system, and to the way in which the latest proposals served that end.

On macro-economic questions, however, the Treasury Secretary maintained that the new \$24.5bn. stimulus was about right to sustain "the balanced, steady nature of our economic recovery."

There has already been plenty of congressional scepticism expressed over the precise nature of some of the proposed tax reforms (especially the elimination of a number of business tax deductions) and most of Mr. Blumenthal's arguments were devoted to the need to introduce greater equity into the tax system, and to the way in which the latest proposals served that end.

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Congress hearing on landing systems row

By Our Own Correspondent

WASHINGTON, Jan. 30. THE U.S.-U.K. dispute about a new system which would allow aircraft to land in bad weather will get a full airing on Capitol Hill tomorrow when a Congressional Committee begins two days of hearings on rival British and American bad weather landing systems.

The International Civil Aviation Organisation (ICAO) is due to decide between the American microwave landing system and the British one in April. Following British protests about American attempts to "steamroller" the U.S. system through ICAO, a programme of tests using both systems in comparable circumstances is under way. The results of this will play a major part in making up ICAO's mind.

The U.S. Federal Aviation Administration (FAA) and U.S. industry have charged the British with a tough lobbying campaign and with distorting results from British tests. The British have countercharged that the U.S. system does not do what it claims it can do and will be more expensive to operate and much more difficult to install than its British rival.

Mr. Langhorne Bond, administrator of the FAA, put strong pressure on the House Subcommittee on Governmental Operations not to hold tomorrow's hearings on the grounds that it could only intensify existing bitterness.

But Mr. John Burton, chairman of the Committee, replied that he was "somewhat puzzled as to how the relationship (with U.K. officials) can deteriorate any further if the British are questioning your integrity in a campaign you describe as vicious."

A team of British officials from the Civil Aviation Authority arrived here two days ago and have been working round the clock putting the finishing touches to their testimony in front of the Committee. It is unusual for officials of a foreign government agency to testify before Congress.

Although there is unlikely to be much of a commercial advantage for whichever company wins the U.S. and British and Texas Instruments in the U.S. since both sides have agreed not to patent the technology, there is considerable pride involved and a genuine sense of grievance on both sides.

U.S. warning of changes in Soviet air arm

BY DAVID BELL

WASHINGTON, Jan. 30.

THE SOVIET UNION has transformed its air force so effectively in the past seven years that it is now a "major threat" to a nuclear strike in the opening phase of a war in Europe.

This is the principal conclusion of an important report published today by the Brookings Institution and written by Mr. Robert Berman, a fellow of the Washington-based "think tank" and one of the country's foremost defence analysts.

Mr. Berman says that since 1970, the Soviet Union has changed its air arm from "a largely defensive force into one suited for a wide variety of missions, including non-nuclear warfare in Europe."

Technically, the Russians have also made considerable strides in the past seven years according to the report. The new family of Soviet aircraft are larger, heavier, and have a much longer range than their predecessors, and have increasingly effective avionics and jamming equipment.

On the other hand, it remains true that they are vulnerable to the late model B-52 bombers and to Cruise missiles, whose development is being accelerated by the Pentagon.

Mr. Berman notes that in general Soviet air defence forces are poorly equipped in the case of American or Western attack, particularly since the Russians have so far proved relatively unsuccessful in perfecting full operational capability at low levels.

Sooner or later, Mr. Berman says, Nato planning must be adjusted so that Nato ground forces are able to operate with out low-level air support in the event that all or part of it may have been the victim of a sudden Soviet strike.

On a related matter, and on which has great importance in the current strategic arms talks, the report says that the Soviet Backfire bomber is not, as some Western analysts argue, intended to be an intercontinental bomber, (although it could be refuelled in the air and transformed into one). Its introduction into the Soviet naval air force suggests instead that it is part of an attempt to transform the Russian naval air arm into a force capable of "carrying out several missions over considerable distances."

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Legal row over oil leases

BY JOHN WYLES

NEW YORK, Jan. 30.

U.S. GOVERNMENT sales of oil and gas leases off the New England coast may be delayed by legal opposition mounted by conservationists.

The sales are due to take place in New York tomorrow, but on New England coast cover the world's richest fishing areas. One of the world's richest fishing areas, Georges Bank, is off the coast of New England. An appeal against the sales was filed today by the defendants in the suits, Mr. Cecil Andrus, Secretary of the Interior, and Mr. Juanita Kreps, Secretary for Commerce.

The law suits have been brought by Massachusetts environmentalists and fishermen from environmental groups and the Boston-based Conservation Law Foundation. They allege that the Government agencies had failed to take the

environmental safeguards on the development of any oil and gas found in the lease areas. Some of the 155 tracts covering 882,000 square miles off the New England coast cover the world's richest fishing areas. One of the world's richest fishing areas, Georges Bank, is off the coast of New England. An appeal against the sales was filed today by the defendants in the suits, Mr. Cecil Andrus, Secretary of the Interior, and Mr. Juanita Kreps, Secretary for Commerce.

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Guyana talks on river dispute

BY OUR OWN CORRESPONDENT

GEORGETOWN, Jan. 30.

GUYANA AND SURINAM are to hold talks next week in Paramaribo, the Surinam capital, on problems which have arisen over the use of the Corentyne River which separates the two young republics.

The Guyana Foreign and Justice Minister, Mr. Fred Wills, announced this when he met Guyanese fishermen, loggers and businessmen who have been affected by a virtual closure of the river by Surinam, apparently in retaliation against the seizure here of a number of Surinam-based trawlers caught trespassing in the new 200-mile exclusive fisheries zone created by Guyana.

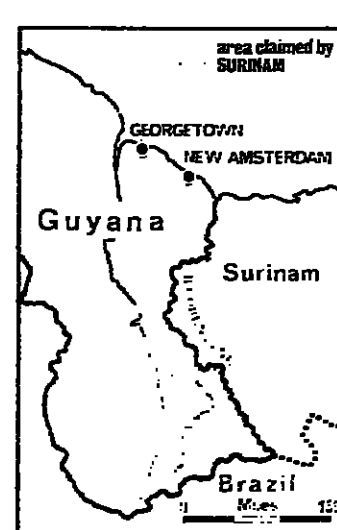
Mr. Wills said that he will be going to Paramaribo, probably next week, for talks at a "high level" on the matter. According to him there should be a "fixed regime" to govern the use of the waterway.

Surinam withdrew fishing licences from about 100 Guyanese fishermen about a month or so after a Guyana magistrate ordered the forfeiture of four Surinam-based trawlers, and imposed heavy fines on their captains after finding them guilty of illegally entering the exclusive fishery zone declared last April. One of the trawlers belonged to a company in which the Surinam Government has a majority interest.

This led some observers to speculate that the Surinam action was in retaliation against the seizure, but diplomats returned from Paramaribo quote Prime Minister there, Mr. He Arron, as saying that this was not so.

Mr. Wills, however, was pains to note during his meeting that the Surinam action was in retaliation against the seizure, but diplomats returned from Paramaribo quote Prime Minister there, Mr. He Arron, as saying that this was not so.

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Relations between Guyana and its eastern neighbour have been uneasy for some years now, following a border incident involving the New River Tripartite, which is claimed by both countries. Guyanese forces in the area drove out Surinam soldiers in 1969.

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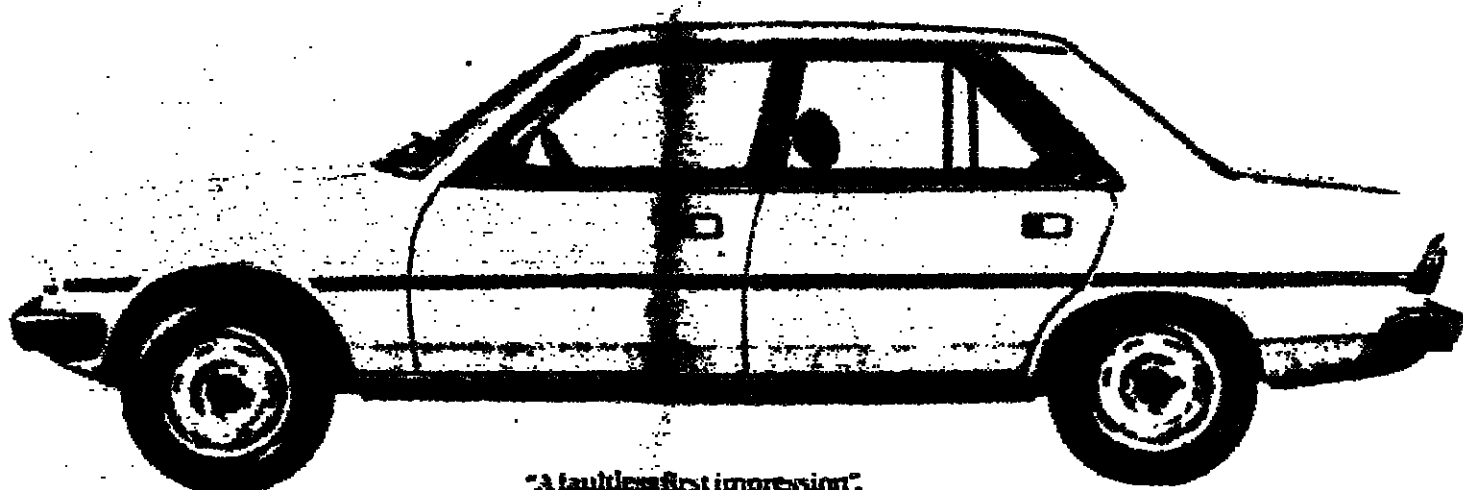
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Major Franchise Opportunities with Peugeot

"The 305 feels a thoroughly well developed car built to high quality standards—a typical Peugeot in fact".
Financial Times.

"It's the air of comfort, smoothness and refinement which distinguishes the 305 from its competitors".
What Car?

"The ride, as might be expected from Peugeot, is outstanding. A refined and nippy car, a delight to drive".
The Times.



"A faultless first impression".
The Times.

"It's a delightful and civilised vehicle to drive".
Sunday People.

"This looks another winner from a stable renowned for making friends and keeping them".
Car Magazine.

"... everything a car in this class should be. The four-door body is spacious, the seats comfortable, the controls well placed and easy to operate".
Illustrated London News.

"The second impression after ease of driving is one of overall comfort both the ride and the seats reach a high standard of excellence".
Autocar.

1977 was an excellent year for Peugeot Automobiles in the United Kingdom. Unit sales were up by more than 25% on the previous year against an overall market growth of 3%. In fact, Peugeot's increase was the second best of the top 15 manufacturers, British, European and foreign, represented in the United Kingdom, but this is not unusual for Peugeot, as they enjoyed record years in 1975, 1976 as well as 1977. From 1974 to 1977 all told, the U.K. market has grown by 4.3% whereas Peugeot sales have increased by almost 75%.

So, for the third consecutive year, Peugeot has produced a model range and market strategy to enable Peugeot dealers to continue to achieve record results.

Peugeot dealers are not expected to achieve volume at the expense of profit, and profit they do achieve because unlike many of their competitors, whose sales are heavily weighted in one segment of the market only, Peugeot dealers have a wide range of models to compete in almost all segments of the market.

In 1977, 33% of their sales came from the new small 104 Hatchback series launched in late 1976, 19% from the 304 Saloon and Estate range, almost 40% from the well proven 1.8 and 2 litre 504 Saloons and Estates and a not insignificant 8% from the V6 powered 604 Saloon in the luxury class market segment.

Now comes 1978, which promises to be an even better year for Peugeot dealers. In addition to their current

range, they will have the excitement of the U.K. launch of the 305 Saloon, widely praised by the British and International Motoring Press when tested by them towards the end of 1977.

This new model range will give Peugeot dealers access to the huge market segment—1300/1500 cc medium class saloons.

Also in 1978, Peugeot dealers will also start gaining a foothold in the light commercial market.

It is therefore expected that the average unit throughput of Peugeot dealers, already one of the highest in the industry, will increase substantially, as well as profit return during 1978.

We believe the U.K. car market has yet to see its best days and 1978 will be the first of many good years for the British motor trade.

We are convinced that Peugeot represents one of the best opportunities for the British businessman to make a sound investment in the motor trade.

We therefore have great confidence in the profit potential of the direct Peugeot Franchises which are available now in a few remaining centres, such as: Cardiff, Carlisle, Canterbury, Newcastle upon Tyne, Shrewsbury, Sutton Coldfield, Wakefield.

Peugeot Automobiles U.K. wholly owned subsidiary of the Manufacturer, invites your enquiry. Please write or phone in full confidence to: Chris Hoare, National Sales Manager or Brian Truscott, Network Development Manager Tel: 01-992 5914.



World famous for strength

Peugeot Automobiles United Kingdom Limited, Peugeot House, 353 Western Avenue, Acton, London W3 0RS.

No other state in America offers better financial incentives than New York.

Moving your business to a foreign land is truly a serious business.

We want you to know why moving to New York State could be the best business move you'll ever make.

Tax advantages most other states can't offer.

Of all the things you have to take under consideration the most important thing to consider is the bottom line.

In New York State, corporate income tax is for most companies on net income alone. A company pays tax only on its profits. Which means, you only have to pay tax when you make a profit.

And New York State doesn't tax a company's personal property such as machinery, equipment and inventories. Connecticut, New Jersey and 44 other states do tax some form of a manufacturer's personal property.

New York State also permits multi-state companies to allocate sales receipts on a destination basis. Which means only receipts from sales within New York are allocated for tax purposes.

New York's financial incentives. A great incentive to come here.

No other state has more incentives than New York. In New York your company can get Job Incentive tax credits. Pollution Control tax credits. Capital Investment tax credits. Local property tax exemptions and even more.

And New York does not tax raw materials used in manufacturing. Quite a few other states do. We even give sales tax relief for certain materials used in the manufacturing process but not part of the final product.

But tax incentives aren't the only way New York helps businesses. We'll help train new employees. A company could have half the salary of new employees in a training program paid by the State.

And you will find New York's labor force to be an extremely stable, productive one. Of the 10 leading industrial states New York ranks third in productivity per worker.

Over the past ten years, 1966-75, work stoppages in New York have been below the U.S. average and below the average of the 10 leading industrial states.

	New York	California	Illinois	Michigan	Pennsylvania	Texas	Virginia	Washington	Wisconsin
Corporate Income Tax Exemption	✓								
Local Tax Exemption	✓								
Tax Exemption on Land or Capital Investment	✓								
Tax Exemption on Equipment or Machinery	✓								
Exemption Tax Exemption on Goods or Services	✓								
Tax Exemption on Manufacturer's Inventories	✓								
Substantial Tax Exemption on New Equipment	✓								
Tax Exemption on Raw Materials Used in Manufacturing	✓								
Tax Exemption to Encourage Research and Development	✓								
Accelerated Depreciation of Industrial Equipment	✓								
TOTAL	✓								

We'll prove we're better in black and white.

We don't just want to tell you how your business can benefit by a move to New York. We'll show you.

New York will prepare at your request a confidential tax comparison between actual locations in New York State and any other state.

Last year we did this for a number of companies. In 88% of the cases, we proved New York State's taxes to be lower. A rather respectable figure any way you look at it.

We offer you one of the financial capitals of the world: New York City.

There's only one city in the world like New York City. And it's in New York State.

New York City is the investment capital of America. It is the site of the largest money market in the world, with the infrastructure and communications network to support it.

It is a city that has more international banks than anywhere else in America: Two hundred and thirty-three—representing sixty-five countries.

What's more, 300 of the 450 member firms of the New York Stock Exchange have headquarters in New York City.

And finally, every financial or business service you need to do business in America is available in New York City.

Two free books that explain how you can profit by a move to New York.

We can't begin to cover all the ground you need to know about New York State here.

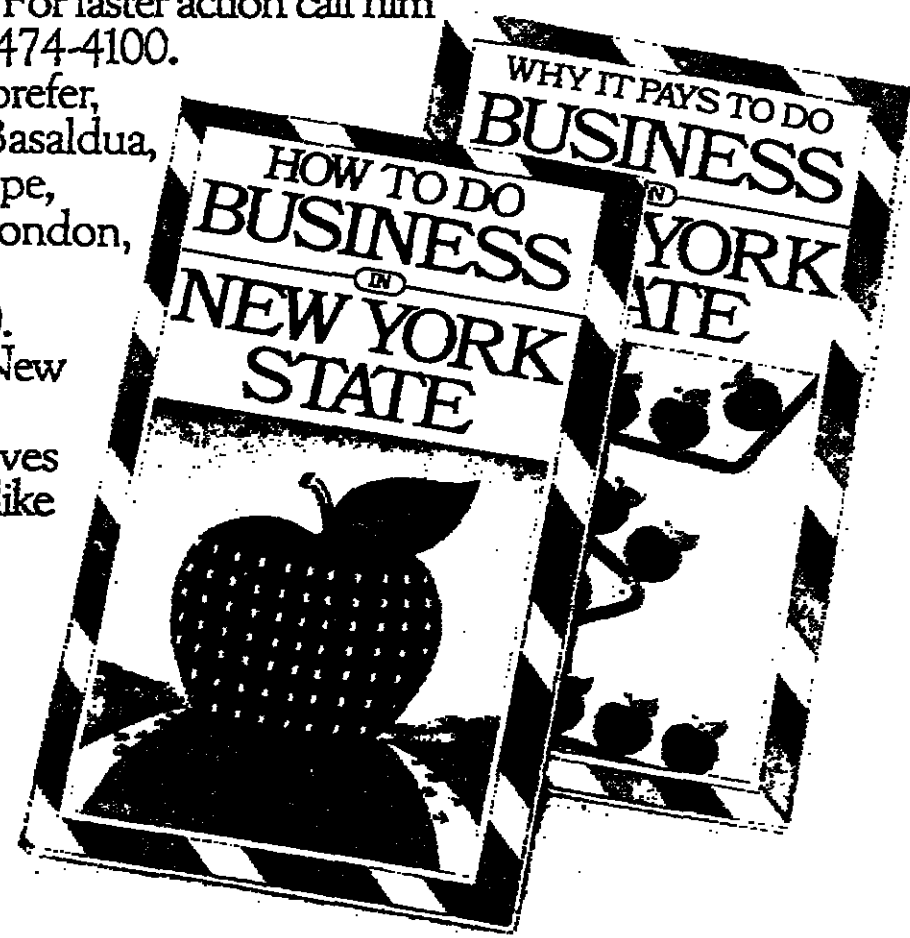
So we've recently published two books to give you more detailed information: "How To Do Business In New York State" and "Why It Pays To Do Business In New York State."

To obtain these books or to have a confidential tax comparison prepared write to the Governor, Hugh Carey at the State Capitol, Albany, New York 12224, or contact John Dyson, Commissioner of Commerce, 99 Washington Avenue, Albany, New York 12245. For faster action call him directly at (518) 474-4100.

Or if you prefer, contact Carlos Basaldua, Director of Europe, 25 Haymarket, London, SW1Y 4EN. Tel: 01-839 5070.

Come to New York State.

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NEW YORK STATE

HOME NEWS

Post Office hopes to win more telephone subscribers

BY JOHN LLOYD

THE POST Office is to give a major boost to the country's telephone network. The aim is to improve the ratio of phones per person from between 40-50 per cent. at present to around 80 per cent. in the late 1980s.

No country in the world has yet attained this level of telephone penetration. The U.S. and Sweden are the closest to it, with between 70 and 75 per cent. Even highly bureaucratized capital cities, like London and Paris, show only 75 per cent. penetration.

Sir William Barlow, the new chairman of the Post Office, has told Mr. Peter Benton, the even newer managing director of telecommunications, that he wants faster growth in both the domestic and business sectors.

Traditionally, the corporation has tended to sell to the domestic market only when the business market is sluggish, as now.

The telecommunications business plan, which will be produced in the next week, will contain proposals on how telephone growth might be stimulated. Post Office telecommunications spends nearly £1bn. a year, or £2m. a day, making it the biggest spender of all the West European telecommunications authorities.



SIR WILLIAM BARLOW... seeking faster growth.

Two ideas which Sir William has mooted are to allow new subscribers to pay the standard £45 installation charge by instalments and to bring a budget accounting system into phone bills, whereby subscribers could pay a fixed amount each month, with a yearly adjustment.

He is laying great stress on increasing volume, both in telecommunications and in posts. He believes that only increased volume can guarantee tariff increases being kept to a minimum.

While no decision on price increases has been taken yet, it is conceded that the costs incurred through inflation, together with the coming wage settlement with the 500,000 members of the Union of Post Office Workers, will make it difficult to hold letter charges at their present level past April.

However, Sir William stresses that any increase in telephone or postal charges will be "a very modest one."

He confirmed that telecommunications will make a profit of around £300m. this year, roughly in line with the six per cent. return on net assets, which is the target agreed with the Government.

He also allowed foreign-sourced components to be used in the system without passing the rigorous tests usually required of equipment, as long as they have been approved by the relevant authority in their countries of origin.

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Town and Country holds 6% deposit rate

By Michael Cassell, Building Correspondent

ANOTHER major building society has decided not to reduce its interest rates to investors, against the recent recommendation of the Building Societies Association.

The Town and Country Building Society, which has assets of more than £230m, and ranks among the country's 20 largest societies, said yesterday shareholders with accounts open by 10-day would continue to receive 6 per cent. net on their savings. New money deposited in existing accounts after the deadline would also attract the higher rate.

Earlier this month the Building Societies Association, of which the Town and Country is a member, recommended societies to reduce the rate of interest paid on ordinary shares from 6 per cent. to 5 per cent. net. Since then, however, three major societies—Abbey National, Leeds Permanent and Alliance—have announced their intention to continue to offer higher than recommended rates to investors.

Savers with Abbey will continue to receive 6 per cent. net on money paid in before 10-day, but any subsequent deposits will attract the recommended 5.5 per cent. net. The society is paying 6.7 per cent. net on all deposits made before October 31. Leeds Permanent is taking similar action.

Investors with Alliance who have opened accounts before February 1 will also continue to attract 6 per cent. net on savings made both before and after the deadline.

Lambeth Building Society, which traditionally offers a 4 per cent. more on ordinary share accounts than the recommended rate, said yesterday it intended to continue to offer 6.25 per cent. net (9.47 per cent. gross yield) to maintain its edge over all other societies.

The society, which has assets of more than £31m, said the arrangement would apply to all deposits, with no qualification dates.

Wales 'losing out on housing expenditure'

By Robin Reeves

WALES HAD by far the worst housing problem in Britain, but received less than its fair share of public expenditure on housing, the National Federation of Housing Associations said in a report published yesterday.

Drawing on the Government's own statistics (and notably House Condition Surveys) the report found that at least 15 per cent. of Wales' total housing stock consisted of "unfit dwellings," compared with 4.6 per cent. in England.

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Edwardes plan may end 10,000 Leyland jobs

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AN UNCOMPROMISING speech by the Leyland Cars boss yesterday said this year is expected to end 10,000 jobs in the Leyland group.

Mr. Michael Edwardes, British Leyland chairman, when he outlined his plans in Birmingham to-morrow.

He will tell management and shop stewards that the cars group is fighting for its very survival. Mr. Edwardes has already made it clear that the alternative strategy for which the shop stewards are campaigning—an increase in output rather than a cut in jobs—is too late.

Adjustment

He has told trade union officials that the company can expect to sell no more than 819,000 vehicles this year.

Any reduction in the 135,000-strong labour force in the next 12 months will be to adjust manufacturing levels to demand. Mr. Edwardes has argued that he has neither the management strength nor the will on the shop floor to push through significant productivity improvements until 1982.

The new chairman has put the emphasis in his planning on flexibility and the need to respond quickly to market developments. He is likely to talk in general terms to-morrow. The size of any labour shake-out will be clearly related to the success of the company in climbing back from its present U.K. market share of little more than 20 per cent. Assurances have already been given to the trade unions that discussions will take place at plant level before the numbers to be made redundant are finalised.

Mr. Edwardes is likely to appeal for a fresh start to relations between management and unions in order to reduce petty disputes and the damaging publicity which has handicapped the company.

News that British Leyland may halve its £100m. foundry investment programme was greeted with a measure of relief by independent suppliers yesterday.

The Council of Iron Foundry Associations has been arguing for some time that expenditure on the scale proposed by the State concern could lead to the loss of jobs in the industry.

The Government's successful ferrous foundry industry aid scheme is anyway expected to generate more than £300m. worth of investment and raise capacity by at least 10 per cent. by 1981.

The reassessment of capital spending projects initiated by Mr. Edwardes, is thought to have identified a foundry programme as one where substantial economies can be sought.

Plans for a new ferrous foundry at Wellesborough and an aluminium plant at Leeds are likely to be dropped.

Industry sources believe Leyland will now choose to concentrate investment on just two or three plants and phase out the older foundries.

Brokers owe Narodny Bank £1½m., court told

FINANCIAL TIMES REPORTER

DEBTS OF £528,712 to Moscow Narodny Bank are among the £401,255. Mr. Bird estimated the firm's assets at £276,548, but said its brokers Chapman and Howe, who were hammered on the Stock Exchange nearly four years ago, had a total bank indebtedness of £401,255.

This was disclosed at the Old Bailey yesterday when the trial of five former members of the firm and their managing clerk continued after a three-day break due to a juror's illness.

Mr. Charles Bird, deputy official assignee of the Stock Exchange, told the jury that the firm owed £1.5m. for clients' agreed claims, and another £255,000 was likely to be incurred under this heading.

The firm's bank debts totalled £288,599, of which £237,515 was due to Moscow Narodny Bank for loans granted before the firm collapsed in 1974.

In addition Mr. Alan Harman, one of the firm's former partners, owed Moscow Narodny Bank £291,197 on his own account, and had a total bank indebtedness of £401,255.

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Warning of small concerns' dependence on loans

Financial Times Reporter

IN A report on finance for smaller businesses, Finance for Industry warned the Wilson Committee yesterday that growing dependence on State-backed loan capital "has led to a dangerous imbalance in the structure of company balance sheets" throughout Europe.

FFI has carried out a comparison of small business financing throughout Europe and the U.S. It concludes that smaller businesses are becoming over-dependent on loan, rather than equity financing.

In Italy, for example, loan capital in industrial companies is up to 35 per cent. of capital employed. That involves a debt servicing commitment that makes it impossible for companies to increase their equity base from retentions.

Commenting on the U.K. FFI notes that the move towards Government loan assistance comes just as other European countries have begun to recognise "the dangers inherent in the increasing debt content of balance sheets and are beginning to consider ways of stimulating equity investment."

But it says an increase in the availability of state backed loans is not the answer. There are, it argues, "real difficulties in the provision of equity by the State, not least because it threatens the fundamental independence which is the essence of small businesses."

In FFI's view, the role of the State is to create an economic environment in which small businesses can flourish.

Geest makes 30 redundant

THE GEEST international produce company is declaring about 30 drivers redundant at its depot in Spalding, Lincs. The jobs are being axed because of the new Common Market regulations which limit daily hours of work and mileage.

The company said yesterday the men would be offered similar employment at company depots in other parts of the country if they were prepared to move.

Bus company cuts 110 jobs

UNITED COUNTIES Bus Company, based in Northampton, has been given permission by the East Midlands traffic commissioners to close three depots, making 110 busmen redundant. The company will also cut up to 32 services, following Northampton County Council's decision to halve its transport subsidy to £600,000.

Petrol duty increase forecast

By Ray Dafter, Energy Correspondent

PETROLISTS could face a significant increase in petrol prices this spring, according to some major oil refiners.

The companies are not planning a price rise—the market said to be too weak for such a move—but some of them said that petrol tax might be raised by 5p a gallon, or more, a spring Budget.

An increase of this nature could please many energy savers anxious to encourage conservation. They point out that Britain now has the cheapest petrol in the Common Market. In spite of a notional 10 pence increase last year, market forces have reduced the average cost of fuel to below the level of 12 pence a gallon.

The average price for four-star petrol in January of last year was 79p a gallon; it is nearer 78p and in any garages the price is much lower.

The duty on petrol is 30p a gallon. It was increased to 35p in the Budget last year, but was restored later to original level after Parliamentary pressure from the oil industry.

It was stressed within the oil industry that such a price rise would be unwelcome to the companies, the increase being substantial. It might also mean that the market for petrol would be reduced by 2 to 3 per cent. a year—barring a prolonged industrial dispute—there is still serious overcapacity in the refining industry leading to intense marketing pressures on the forecourt.

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Cheaper Co-op prices for smaller stores

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S second-largest co-operative society, the North Eastern Co-op, is to introduce an across-the-board discount price structure into 250 of its smaller supermarkets and grocery stores.

The move will mean cheaper prices but less choice for customers using the smallest shops, which are to be turned into limited range discount stores.

The North Eastern Society was formed in 1970 after the merger of more than 30 smaller retail societies. It is seen as a prototype for the kind of regional grouping planned by the Co-op. If the strategy works, it could be followed by other co-operative societies looking for a way to keep smaller stores open.

Last year, the North Eastern Co-op started trading on lower margins in about 70 of its bigger supermarkets and all seven of its superstores. The move resulted in higher sales, in spite of the opposition of groups like the National Farmers' Union.

Now, the society is to introduce cheaper prices on 1,000 lines, currently charged only in its larger stores, to all its grocery branches.

The uniform prices will make the society different to most other supermarket groups, which operate at least two different price lists, charging more in smaller stores.

The new pricing structure will be phased in over the next two months. The first stage will start to-morrow when the prices of 100 items will be cut.

In some of the smaller shops, the cuts are to be accompanied by a reduction in the number of lines carried. In future, the very small corner shops will trade under the name Supa-Handy.

The society's superstores will continue to trade under the name Supa Save. They will stock all the products sold by the smaller stores and the increased competition in the grocery trade.

The latest move reflects both the cost-cutting measures of the Co-op and the increased competition in the grocery trade.

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THE BANKER

FINANCIAL TIMES

INVESTORS CHRONICLE

WORLD BANKING CONFERENCE

Grosvenor House, London
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The Financial Times, in association with The Banker and Investors Chronicle, is arranging the Fourth World Banking Conference at Grosvenor House, London, on February 27 and 28.

This conference will give the international financial community the opportunity to:

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The proceedings will be opened by the Rt. Hon. Harold Lever, MP, Chancellor of the Duchy of Lancaster.

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Dr. Guido Carli
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10th-11th April	Business and the European Community Directives	London
8th-9th May	Euromarkets	London
14th-15th June	Paris in World Finance	Paris

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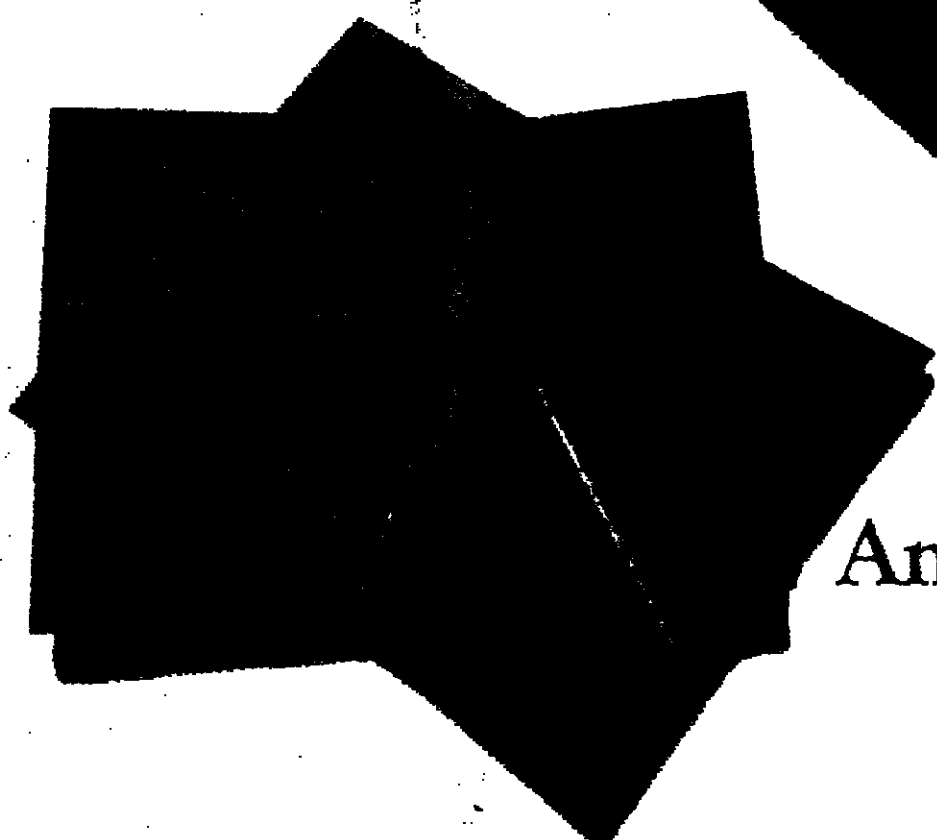
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The Financial Times

How long should a business gift last?

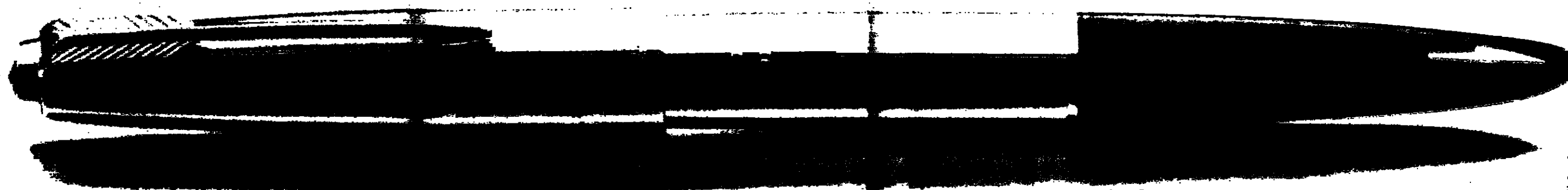
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INVENTED originally for use in the pet and leather industries, an electronic sizing table has obvious applications in many other industries as an instant check on the amount of material present.

Digimet equipment comes in a table top presentation able to handle goods with an area of 1.5 x 2 metres—other sizes are available to order.

The electronic reading table requires a good level of illumination and will indicate area of the goods laid on it to within one square decimetre (4 square foot) within 10 seconds at the most. Higher resolution can be provided if required.

No calibration is needed and the reading is provided through a 1-inch high LED display. Operation is entirely automatic and a single operator is required.

More from Nevenco, 2, Hills Road, Cambridge CB2 1JP. 0223 62392.

PROCESSING Strippers speeded by electronics

ROMAX 30 electronically controlled wire stripping machine is a bench-top unit which can be used with solid and stranded cable including wire up to 8mm diameter and ribbon cable up to 65mm wide. Lengths ranging from 1mm to 100m, ± 0.5 per cent, can be cut and ends can be stripped from 3 to 50mm.

Wire feed is by stepping motor and feed is variable from 200 to 600 mm/sec. The pneumatically operated cutting unit has two linear ball guides to ensure accurate cutting of the stripping blades over the complete 65mm surface, and both blades are wire guides, which are manufactured to customer specification, can be quickly inserted into and removed from the stripping block.

Important is the conveyor system which has been designed to run slightly faster than the wire feed drive to ensure that wire is always drawn through the cutting head and jamming is avoided. It also deposits the finished product into a trough.

Operation is controlled by a central electronic unit. Remote control input for a wire detector is optional.

Normal power requirements are 230V at 50 Hz and a standard factory compressed air supply of 80 psi is suitable for powering the cutter.

Verco Systems (Electronic), 362a, Spring Road, Sholing, Southampton. Southampton 440611.

COMPONENTS Roller chain from Japan

EASY SPLITTING of chain on site and a consequent reduction in down time is the main advantage claimed for a range of roller chain made in Osaka, Japan, by the Tsubakimoto Chain Co., and now available in the U.K.

These drive chains are said to conform to BS 228:1970, DIN 8181, and ISO type B.

The easy splitting feature is achieved by a shouldered bearing pin, which can be readily extracted or replaced and does not need driving right through the bushes.

They are available in single, double and treble strand, pitches range from 4 to 24 inches, roller diameter from 0.335 to 1.25 inch, and breaking load from 4,400 to 44,900 lb.

Link plates are heat treated and shot peened to increase fatigue strength, and the completed chain is pre-stressed to prevent initial stretching and to resist fatigue. All bearing surfaces are pre-lubricated by a hot dip method. The chains, which are also available to American standards, can be supplied in high duty alloy steels, nickel plated carbon steel or stainless steel.

Marketing in the U.K. is by Belvoir Industrial Factors, Blenheim Industrial Estate, Blenheim, Nottingham NG13 8GG (0949 385541).

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

TEXTILES

ICI dye method is a cost saver

FIRST PROCESS in the world for single-stage continuous dyeing of polyester/cellulose fabrics is announced by ICI, based on an integrated dye system involving Dispersol/Procion T dyes.

Large savings in energy and chemical costs are claimed, together with significant technical advantages.

This results from the fact that on conventional continuous dyeing of this blend of materials—except in pale shades—two in-line processes are demanded. One is to fix the disperse dyes on the polyester components and the other to dye the cellulose with a reactive or other dye.

ICI's approach allows both to be fixed at the same time, eliminating the steaming stage and the need for heat, caustic soda, salt or sodium hyposulphite.

As would be normally used in the conventional second stage. At ICI, also form a new class of materials specifically for the developed, washing off is simple and efficient.

Use of plant is more economical and the capital cost of new plant is reduced. At the same time, existing single-stage plant can now be used for polyester/cellulose.

The development of the combined dyeing system was preceded by the production of a new range of dyes in ICI's Procion series. They are the Procion T-range described by the company as a completely new class of reactive dyes for cellulose and they incorporate a discovery licensed exclusively to ICI by Burlington Industries, which is the biggest textile corporation in the U.S.

Dispersol T dyes, developed by ICI, also form a new class of materials specifically for the treatment of polyester.

Trials in Europe and the U.S. show that the combined dyes give high yields on non-mercerised fabrics, which removes yet another process required hitherto for continuous dyeing operations.

Reproducibility between laboratory and plant of the big range of possible colours is high and there are seven Procion T and eight Dispersol shades to select from.

ICI is now marketing this integrated dye system in all the major textile producing countries.

Further details from the company at Millbank, London SW1P 4QG. 01-834 4444.

POWER

MK offers consumer protection

AFTER many years as lead supplier of mains plugs and sockets, light switches and similar wiring accessories, MK Electric, 19, Crutcher, MK6 1JH, has introduced a new consumer unit.

The announcement has raised some eyebrows in the industry because MK has put all the domestic supply board items into one box on a modular-choice basis and has opted to use Siemens circuit breakers, ignoring fuses entirely. The new system, to be called Sentry, will be available in March.

The consumer unit is the modern equivalent of the various fuse boxes and switches installed in new houses up to about 15 years ago. Instead of a separate fuse and switch for each ring or radial circuit, with the resulting complication of board wiring, a single switch and a number of fused ways are provided in a single box.

Thus far, electrical contractors are agreed—the consumer unit (CU) is a good thing. Agreement fades, however, on the subject of protection, there now being a choice of re-wireable, fuse, cartridge fuse, miniature circuit breaker (MCB) and the, most recent innovation, the earth leakage circuit breaker (ELCB).

The first three of these are over-current wiring protection devices, in order of technical excellence, while the fourth is a safety unit based on the idea that when the human body conducts any current to earth due to contact with the live conductor, the supply is cut off by a mechanically operated switch similar to a relay.

The MCB acts in a similar

way for overloads and brings heavy current practice into the home; circuit breakers, not fuses, are used by the supply authority since they are more accurate, versatile, and can be reset.

Miniaturised, they mean that the householder replaces no fuses but simply operates a relatching lever or button after rectifying the fault. If he has not rectified it the breaker simply comes out again.

MCBs have been on the market for some years, and some brands provide a direct plug-in replacement for the fuse holder. But the breaker unit can be up to six times the cost of the fuse and contractors, perhaps earnestly looking for a cost reduction, will often stick to fuses on the basis that the customer will never appreciate the difference. A blown fuse being a somewhat infrequent event in most households. Certainly the MCB could be regarded as a poor investment in terms of "machine usage."

On the other hand the MCB can reduce the risks of fire since it will detect and break a prolonged overload which may be insufficient to rupture a fuse. Because of this, cables can be more highly rated. The Siemens version has a bimetal thermal action to deal with these overloads accurately and a magnetic breaker, with arc extinguishing, to cope with short circuits. This device acts in less than five milliseconds, letting through the minimum of energy and so preventing the sealed authority fuse, or other earlier fuses, from blowing.

MK believes that soon these advantages will outweigh the extra cost. It predicts that sales of consumer units with MCBs

will rise from 23 per cent of the total in 1976 to 85 per cent in 1980, based mainly on the likelihood that the next edition of the IEE wiring regulations will call for more accurate circuit protection. However, the regulations, so far, are not in themselves a legal requirement.

The company also believes that because there is increasing concern in society for safety, earth leakage breaker use will rise from 8 per cent of consumer units in 1976 to 35 per cent in 1980. However, it admits that the public is almost totally unaware of the ELCB, let alone its cost, which is about £20.

Convinced of the trends, MK has arranged Sentry so that many positional arrangements of isolating switch, MCB or ELCB can be easily assembled on a DIN mounting rail in one box. Up to 13 ways are provided using 32 basic components, including eight enclosure types. The MCB occupies one module 18mm wide, as does the neutral terminal block, the switch takes up two modules and the ELCB four.

MK's success in the venture may well depend on the extent to which the trade will accept the additional complexity of parts. But it will also hinge upon whether the MCB and the ELCB are seen to be important.

A likely turn of events is that the U.K. will be required to fall in with practice on the Continent where the devices are much more widely used. It seems that over there the industry has been rather more successful in making, or enforcing, its point.

But it is a point which needs making in the long run, not with the electrical contractor or wholesaler, but with the householder.

GEORGE CHARLISH

VENDING

Selling by machine

A CANADIAN company which has been manufacturing and exporting vending machines for the past 18 years is planning a fresh onslaught in the U.K. market.

It is introducing machines which are to be based on a combination of hot and cold beverage vending, plus a glass-fronted snack and confectionery merchandiser with the option also of an accompanying lockable storage and service unit.

The equipment has been designed for installation in four different combinations and it is at present on display at Ontario House, Charles II Street, London, SW1. It is being manufactured by Mayer Diebel at its Jordan Station plant in Ontario and sold in the U.K. through MDM Venders (U.K.), 83 Copers Cope Road, Beckenham, Kent BR3 1NR.

Also making an attack on the vending machine market is General Food, which has launched the Maxpax Modular System.

COMPUTING

Small user venture

FOLLOWING the launch last October of a timesharing bureau by the £200m. Bunzl paper group, the new company, Bunzl Data Systems, is branching out into the provision of complete small systems and has formed a new division for the purpose.

Called Bunzl Computer Systems, it will be based, like the timesharing operation, on Digital Equipment Company mainframes. Early offerings will include the DEC 322 mini-computer, floppy disc based system, plus the PDP 11/34, 11/60 and 11/70.

However, making use of the LSI-11 micro, the company is also to market the "Series 2" office console machine with edu. Based on U.S. made components, it is being assembled at the group's Amersham plant. RT 11 DEC systems software is being used

In this arrangement, the ingredients are prepacked in the cups which are stacked in a dispenser in one unit into which the consumer inserts the money. The purchaser then takes the cup to a separate unit which dispenses hot or chilled water as required.

Among advantages claimed for this in-cup system are ease of maintenance, no accidental mixing of ingredients and no humidity from hot water in the beverage machines.

General Foods claims that 30 per cent of all new drinks vending machines sold each year in a market with an annual turnover of £140m. are in-cup, and that the earlier type of Maxpax has a 75 per cent share of the in-cup sector. Offices and small sites account for more than half of new sales. But of over 5m people using vending machines, 70 per cent work in factories or similar environments, where in-cup to date has shown a lower penetration.

Details from General Foods, Banbury, Oxon OX16 7QU (0295 4433).

MATERIALS

Adhesion with no preparation

JOINTLY DEVELOPED by VEB ASOL-Chemie, of Berlin, and the Zentral Institut für Schweiss-technik (ZIS), of Halle in the German Democratic Republic, is a metal bonding adhesive which does not require cleaned or degreased surfaces at the joint.

Called Epasol FV/ZIS, it is a modified cold-hardening two-component adhesive on an epoxy-resin base. It is stated to be relatively inert to surface impurities, particularly oil. In principle, the adhesive itself carries out surface cleaning, dissolving and absorbing any oil film present, and "activating" the surfaces to which it is applied.

The maker claims that untreated greasy surfaces bonded with the new adhesive have a 50 per cent higher tensile strength at room temperature than prepared surfaces bonded with a standard adhesive. When the latter was used on untreated greasy surfaces the difference increased to 600 per cent. Price is said to be comparable with standard two-part adhesives.

It can be used for bonding a wide range of materials as well as metals, and work is in progress on the use of the adhesive in combined spot-welding and bonding, and vibration bonding.

More from GDR Technical Information Service, PO Box 5, Rayleigh, Essex SS6 7HL (0268 778806).

INSTRUMENTS

Meter will give limits

THERE must be many thousands of moving coil meters in industry which engineers contemplate replacing with digital metering simply because they will not give limit warnings.

The analogue convenience of a pointer on a dial—and the remainder of the long life of most moving coil units—can be retained using an add-on box called the Watchmeter, introduced by Sharetree of Stroud.

Connected to existing meter terminals, the device causes no alteration in the function of the meter itself. Upper and lower limits are set by a screwdriver, a cursor of control being 1 per cent irrespective of the accuracy of the meter itself. If either upper or lower limits are passed, the Watchmeter indicates the fact by a light on its front panel and activates a three-amp 250-volt changeover relay connected to external terminals.

Watchmeter, which can be supplied for full-scale deflections between 100 microamps and 10 milliamperes or 100 mv and 500 volts, also has a memory and adjustable hysteresis controls to prevent "hunting" under close monitoring conditions. More on 04536 2006.

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A TRW AFFILIATE COMPANY

The Management Page

EDITED BY CHRISTOPHER LORENZ

A WORD of caution to anyone planning a visit to a North Sea oil rig: there is a possibility—admittedly extremely remote—that some of the rigs could become a little wobbly on their harnessed encrusted pins. For engineers do not always base their designs on the latest and most reliable data available.

Less than two years ago one company designed a rig with legs that would have been too weak by half to stand up to the drag of North Sea waters. The engineers responsible had used a formula for estimating drag which dated back to the 1920s. It was not until they checked their calculations with a company called ESDU—Engineering Sciences Data Unit—that they realised they had underestimated the loads involved by 30 per cent.

ESDU is a seemingly unique organisation, even in international terms, whose business is the management of data—the statistics, measurements or other factual information used as a basis for calculation. The unit was set up in the early years of the Second World War and to-day it is supported by national research establishments and by some of the biggest names in industry, both in the U.K. and abroad. At present roughly 70 per cent of the data items available go abroad, in both volume and money terms. The chief customers are in the U.S., Europe, Australia and India.

Evaluates

It collates and evaluates published and unpublished material in the fields of aerospace, chemical processing, structural and mechanical engineering. It then publishes its findings. Each item of data issued by ESDU is claimed to be as concise, authoritative, reliable and up-to-the-minute as it is possible for it to be.

Mr. Tony Barrett, the managing director, insists that the data items put out by the unit are far better than the facts and figures compiled by any individual company—however large. He says this is because there is now such a vast amount of data in existence—much of it conflicting and some of it downright erroneous—that no single industrial concern can hope to sift through it satisfactorily.

He stresses that ESDU can obtain access to the kind of unpublished data that would not normally be released to an ordinary commercial concern. And he points out that the reliable material available on any one topic is subject to constant change as new discoveries are made, testing methods are improved and old statistics and measurements are found to be inaccurate. Changes of 1 per cent a year in engineering data are not uncommon.

This makes it virtually

A word with ESDU may save you thousands

The Engineering Sciences Data Unit (ESDU) collates and evaluates material in the fields of aerospace, chemical processing and structural and mechanical engineering.

impossible for lone engineering teams to be certain that they are basing their designs on the best possible data. For instance, the people responsible for the aforementioned oil rig blueprints were not guilty of incompetence and the drag coefficient they used in their calculations is still accurate to-day even though it was worked out over 50 years ago. But it assumes that the legs of the structure concerned will always be completely smooth.

Now the North Sea may be freezing cold but when it comes to barnacles and assorted seaweeds it is highly fertile. The floating flora and fauna are quite happy to wrap themselves round the legs of a handy oil rig. And once the surface of the legs becomes roughened, the relevant drag coefficient goes from 0.7 to 1.05.

In other words, the legs need to be 50 per cent stronger in order to bear the weight of the rig above and the force of the waters around them.

Mr. Barrett says that not all design engineers check their calculations against ESDU data items, and it is conceivable that the designs of some existing North Sea oil rigs have been based on the low, 1920s drag coefficient. But he adds that this is unlikely because oil rigs are nearly always overdesigned—made stronger than is absolutely necessary.

Shell oil rigs, for example, are designed to stand up to a once-in-a-hundred-years freak storm. This is reassuring from a safety point of view but it has less happy implications in terms of cost.

ESDU's expertise in data management has been built up over many years. The privileged position it holds when it comes to obtaining information from research departments in both government and industry is the result of its origins.

Set up by the Air Ministry in 1940, its first specific task was to find out about the stressed skin construction of aircraft. The aim was to help Britain produce planes as good as those being made by the Germans. At the time, research engineers in the universities and in industry were only too



77024

Engineering Sciences Data Unit
Established in 1940
Head Office: 100, Victoria Road, London W14 8BT
Telephone: 01-873 4000
Telex: 940000 ESDU G
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willing to co-operate—not that the war left them much option.

Yet this spirit of national co-operation lasted well into the 1950s and by then ESDU had established its reputation for high standards and for objectivity. It had also proved its worth to industry.

It continued to be directly funded by the government until 1970, when it became a private company owned by the Royal Aeronautical Society and operated in association with the Institutions of Chemical, Mechanical and Structural Engineers.

Charitable

The unit is a non-profit-retaining concern and has charitable status. But it does sell the data items it produces—the average price is £120 per item—and last year had a turnover of nearly £500,000. This year the figure is expected to be considerably higher. A steady rise in the cost of raw materials has led more and more design engineers to rely on ESDU data items so as to ensure that expenditure is kept to a minimum.

The unit has a permanent staff of only 28, most of them highly qualified engineers. Their job is to collect and collate all the information they can find on a particular item. They then cross-check the different theories and experiments against each other. When necessary they contact the research engineers concerned to find out the assumptions on which a particular theory is based or to discover the exact

conditions under which an experiment was conducted.

The ESDU staff can then work out why pieces of data from different sources conflict with each other; they can spot flaws or inadequacies in a given set of measurements; and they can tell whether one set of statistics has been superseded by another. Having done this, they make an initial evaluation of the material available on the topic concerned.

The final evaluation is made by technical committees whose members are drawn from industry, from Government laboratories and from the academic world. This committee system is central to ESDU's way of working and to its consequent high reputation.

The unit has 15 committees altogether, each covering a different engineering specialism. The people who sit on them are sponsored by the organisations they come from and they are unpaid. Those from industry normally hold senior positions in their companies, as chief engineers or section heads of design groups, rather than as Board members. This ensures that all committee members have a day-to-day working knowledge of production and design.

The organisations which send representatives to ESDU evaluation committees give considerable authority to the unit's final consensus opinions. Among many others, they include: the Aeroplane and Armament Experimental Establishment, the British Aircraft Corpora-

tion, Boeing Aerospace, ICI, Rolls-Royce, BP Chemical International, Fokker WEW NV, GKN, Hoechst AG, the Heat Transfer Fluid Flow Service at Harwell, Saab-Scania, Aero-spatiale, the Central Electricity Research Laboratories, Cranfield College of Aeronautics and the National Engineering Laboratory.

The ESDU committees must reach a consensus opinion on the value of each data item put before them. This does not mean they are left to work out some acceptable compromise view—compromises are not entertained at ESDU. Each member of a committee has to give wholehearted agreement to the evaluation of a particular piece of data and if this proves impossible then nothing is published.

Mr. Barrett points out that by the time data goes before a technical committee it has been refined and has also been made anonymous. This means that committee members do not have a vested interest in defending the work done by their own companies or research departments. Nor do they have any reservations about attacking a certain set of statistics or measurements; they know there is no danger of offending someone or of becoming involved in a lengthy academic controversy.

The unit has published data items on over 700 separate topics since it was first set up. The average cost of producing each one is about £12,000 and they normally take about nine months to complete.

The National Technology Information Service which is attached to the U.S. Department of Commerce already acts as ESDU's agent in America but the unit is now likely to set up a permanent presence over there. A growing number of ESDU committee members are based overseas—particularly in the U.S.—but they normally have to contribute to data evaluations by post rather than in person.

Another country—probably the U.S.—might well set up a similar organisation of its own. But it would probably be many years before this could build up the reputation and the trust which ESDU already has. In the meantime ESDU's export market is likely to continue to expand.

Effort

Mr. Barrett admits that there have been occasions when an ESDU data item has proved to be wrong or inadequate. He says it is for this reason that the unit puts so much effort into providing an effective back-up service for its customers. All data items are automatically re-vised—some of them are re-considered every six months.

In the long run they can save companies a considerable amount of money. For example, one group of engineers designed some lattice towers to carry cables for a public utility. They followed the normal strength and safety specifications but when they had finished they had a gut feeling that the towers were overdesigned—that they were going to be bigger, heavier and therefore more expensive than was really necessary to stand up to wind forces.

They went to ESDU, obtained the relevant data item, checked it for themselves and discovered that their hunch had been right. The result was a saving of £500,000 to the British taxpayer.

Sue Cameron

Business book

Trade Contacts in West African Countries, compiled and edited by Eichel de Keyser. Kogan Page, £14.90, including postage. This compilation of business and commercial data covers 19 countries, giving a general introduction to each, together with addresses of Government ministries, banks, Chambers of Commerce, Embassies and state, para-state and private companies.

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A new CBI study shows companies are taking a more positive attitude to industrial democracy

Bullock changes attitudes

BY JOHN ELLIOTT

IT IS now a year since the Bullock Report on industrial democracy was published to a chorus of hostility from industrialists and a mixture of lethargy and opposition from politicians and many union leaders. Now the Government is still trying to finalise a White Paper stemming from its proposals for publication before Easter, although there is clearly no chance of any "Bullock-style" legislation before the next election.

What has happened in the past 12 months however is that the report has been responsible for sharpening industrialists' and managers' views on two aspects of the subject. One is that the nature of the report's proposals for new laws giving rights to union members to "trigger" a worker director system has strengthened the feeling among industrialists that it would be better not to have any legislation at all on employee participation. The other is a rapidly growing interest among companies in the subject of employee participation. A steadily increasing number of companies are realising that old styles of management are not necessarily the most efficient, and that well informed employees, positively consulted on issues that affect their working lives, can be an asset to management.

The steps in employee participation that have been taken are illustrated in a study recently completed by the CBI's employee communication unit which has not yet been published. This shows that some of the more advanced management now feel willing to go so far as to acknowledge that they could operate their companies with a worker director system, though not on the full Bullock pattern of management and union-based representatives having an equal number of seats in a one-tier board structure.

The more general emphasis which has come out of the study however is that companies consider that the lower down the management structure the participation is tried out, the more effective it becomes. This links with a view that workers must understand the operation of

those company affairs that touch their daily work before they can appreciate wider issues.

While some companies might try to use such a suggestion to argue that there can be no useful effective participation above shop floor level, the more constructive companies are now using the most basic shop floor issues (such as the availability of components) as the basis on which to build wider understanding and participation.

The CBI survey has also shown that companies have now learned two further primary points which sound obvious, but which in the past have only rarely been thought through by most managements. The first links with the shop floor participation issue and is that a growing number of companies have realised that they must decide why they are giving employees a certain sort of information rather than just churning out all company data in a simplified form. The second is that there is an initial need for management training before any participation starts in order to win managers over to the idea; otherwise, it is found, the best laid plans become virtually useless. Equally, it is found that highly structural formal arrangements become less necessary when management understanding is built up first.

Hierarchical

Of some 200 of the CBI's larger member-companies surveyed at the end of last year, fewer than one-third said they had a hierarchical structure of participation committees and councils. Those that did, included British Leyland and Cadbury-Schweppes.

Generally the survey showed four main types of participation arrangements emerging with many companies having a combination of the four. The first involved low-level councils, based on a factory plant or site, comprising employee representatives and a smaller group of senior management. Companies with these arrangements included, for example, Davy Loewy, BP and Laporte.

Then there were joint consultative committees (like those in Leyland, Ford, Imperial, and survey are best.

Tube Investments) where their numbers of management employee representatives. The committees were often designed to discuss specific issues before decisions were taken.

Next some companies have communications committees primarily designed for the exchange of information at general discussions on employment conditions.

Finally, companies such as Philips and Cadbury Schweppes conduct high level conferences which include representatives from all 10 organisation's sites and employee groups.

While all of these examples illustrate the growing interest in the subject among companies, few of them involve any significant power-sharing participation. This is, however, hard to surprise since the CBI v. told by most of the companies that their innovations were normally introduced as the result of management initiative and not as the result of great shop-floor pressure. Equally, most companies said they had had no shop floor demands for the extension of what had been introduced and that was an almost total lack of floor interest in worker direct ideas.

Because of all this industrialists not surprisingly now better equipped to fend legislation. They have also decided that not only do they like Bullock-style worker directors, but that the alternative trade union idea of extensive collective bargaining into corporate decisions would pose such a potential stranglehold on management that it, too, should be strongly opposed.

The White Paper, which Government is due to produce will cover both these alternatives. They will however be diluted form, with workers being mooted for future and extended bargaining being limited to a state right to consultation and provision of company information. But, in its present form, the CBI will continue to support that voluntary company initiatives such as those shown in survey are best.

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make a note

COMMUNICATIONS 78 is being held for the first time at the National Exhibition Centre, Birmingham—the UK's premier exhibition complex from Tuesday 4 April to Friday 7 April, 1978. The exhibition will be open daily from 09.30 to 18.00 hrs. (17.00 hrs. on the last day). Admission is free to bona fide users and specifiers of communications equipment and systems.

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OMBARD

A champion of competition

Y GEOFFREY OWEN

SCIENTISTS set up by the British Government for regulating or interfering with industry are not noted for their longevity, when one of them manages to stay intact for thirty years, is entitled to some respect. Monopolies and Mergers Commission (originally called Monopolies and Restrictive Practices Commission) celebrates its thirtieth birthday this year. One might suppose that at that amount of experience it should be assured. But there is a tendency, especially in Government circles, to decry its time-wasting investigations and to treat it with the shiny, fern, quick-firing Price Commission.

Cartels

The honourable role which the Commission has played in creating a more competitive environment is not widely appreciated. In the period from 1948 to 1956 it succeeded in demolishing many of cartels which had been promoting badly managed competition. Its reports demonstrated that efficient competition was the best way of ensuring that efficient companies were able to grow at the expense of inefficient ones and that the gains from greater competition were shared with the consumer.

Showing that cartels had an amazing effect on costs, and innovation, the Commission's work paved the way for Restrictive Trade Practices of 1956, which has been replaced by the Competition Act 1980. It is probably the most important piece of industrial legislation since the end of the war. From that all price-fixing agreements are presumed to be against the public interest unless specifically approved by the Restrictive Practices Commission.

In 1956 the Commission directed its attention to monopolies and (from 1964 onwards) cartels. Its work on monopolies was less dramatic than its work on cartels, but in the latter case the Commission helped to bring about a change in competition law. The entry of British Oxygen's into the U.K.—was an example. In other sectors where a handful of companies dominated the market, the Commission's investigations led to the existence of illegal agreements, including large cartels, which were dismantled.

sumably knew the law had failed to register. More recently the professions have come under the Commission's scrutiny.

The work on mergers has been more contentious. The Commission's approach has been pragmatic, veering towards intervention, and one of two mergers which had a clearly detrimental effect on competition have been let through. But in part this reflects the vagueness of the criteria under which the Commission has to operate. The best outcome of the review of merger policy which is now under way would be a restatement by the Government, to be followed later by an amendment to the Act of the primary of competition in reviewing merger cases.

If this leads to more merger references to the Commission, so much the better—though it is interesting to note that, despite the revival in take-over activity, there have been rather few mergers recently of the sort which are likely to run foul of the Monopolies Commission. Perhaps the Commission's activity has convinced companies that it is a waste of time pursuing deals which seriously reduce competition. There may also be a general disenchantment with large-scale horizontal mergers, too many of which have failed in the past.

Combination

Should the Monopolies and Price Commissions be merged? The Price Commission's three-month inquiries are, or should be, concerned with the short-term exercise of market power by dominant companies. It is arguable that this function should be transferred to the Monopolies Commission so that it would have, in effect, two divisions, one for the short term, the other for long-term studies of structure and performance. The Office of Fair Trading could be empowered to make references to whichever of the two divisions seemed appropriate in each case. This would also eliminate the overlapping between the two bodies which is inevitable as the Price Commission becomes more active.

If the combination of functions could be effected without jeopardising the Monopolies Commission's independence and integrity, it is certainly worth considering. The important thing is that the Commission's role as an effective champion of competition should be strengthened and built on, not downgraded.

ONE OF THE pleasures of motoring through much of France is the opportunity to drink local wines, which also have the advantage of being far less costly than those of the decorative wine lists for the wealthy or unwary, and many of such wines are little known back at home.

This satisfaction I was able to enjoy during a recent short sortie into South-West France, which contains a small cluster of Appellation Contrôlée wine districts, lying between the lower Dordogne and the Pyrenees. One reasonably prosperous, they have lost much of the international fame and sale that they formerly had since the phylloxera a hundred years ago and the long economic depressions that followed. At a time when France's finer wines are inevitably becoming more expensive, such wines deserve renewed attention, and local co-operatives and syndicates of private growers are doing their best to improve and popularise their wines, which are not dear.

The most remote of these districts is Irouleguy, which juts south, half surrounded by Spanish territory. It is nearly cut off from the rest of France by the last war, and only received AC status in 1970. To-day it is no more than 50 ha. in extent, producing somewhere between 1,000 and 3,000 hl. of red wine of a year, nearly all made by one co-operative at St. Etienne de Baigorry. I must admit that I did not reach this outpost of French viticulture, but I did less costly than those of the decorative wine lists for the wealthy or unwary, and many of such wines are little known back at home.

More accessible and more widely known are the red, rose and white wines of Bearn, with a nearly twenty-year-old AC. Very little white is produced, and all but a few hundred hl. of the 9,000 hl. made last year were red and rose. The red wine is fruity and powerful in flavour, though not high in alcoholic strength, and the rose has more body and character than many of its kind. Both are produced from the local Tannat grape, which has been cultivated here since the 17th century, and which has survived, as they alone are able to deal with the grapes from one or two ha. owned by numerous either engaged in other forms of agriculture or

working in local factories. These Bearn wines may be found at Pau, Dax and on the neighbouring coast. If Irouleguy and Bearn to-day are isolated in what was once a large vineyard area, more substantial districts are to be found in the south of the Garonne valley to the west of the Dordogne and Garonne, not much above 50 miles east of Bordeaux; and secondly, the Cotes de Buzet, running along the south side of the Garonne valley to the west of the Dordogne.

It is the nearness of Bordeaux that has made life difficult for the wine-growers of these parts, as well as for Bergerac, which adjoins Duras. From the Middle Ages onwards the Bordeaux merchants did their best to eliminate the competition of the fruitier red wines of this region, which also includes Cahors and Gaillac, while not above using them to blend

market, from 7-2 to twice those odds.

That run, his first for a long while, will have brought my Captain on considerably and with an additional five farthings in his favour he seems certain to take plenty of beating. I take him to wear down the younger Cornmarket from whom he receives a steady stream of orders.

At to-day's other meeting, Chepstow, where it is a Racegoers' Club Concession Day, it may pay backers to take a chance with the lightly weighted Silver-smith in the afternoon's feature event, the Persian War Novice Handicap, which was won a year ago by The Dealer.

Staffordshire rates up 14% RATES in Staffordshire are to go up by an average 14 per cent. The county finance committee yesterday set its new rate at 79p in the pound, after deciding to take almost £2m. extra from balances.

The committee chairman, Mr. Rex Roberts, said that nearly all the increase was due to inflation and lack of Government grants.

HTV 1.20 p.m. Report West Headlines. 1.25 Report West Headlines. 1.30 Report West Headlines. 1.35 Report West Headlines. 1.40 Report West Headlines. 1.45 Report West Headlines. 1.50 Report West Headlines. 1.55 Report West Headlines. 2.00 Report West Headlines. 2.05 Report West Headlines. 2.10 Report West Headlines. 2.15 Report West Headlines. 2.20 Report West Headlines. 2.25 Report West Headlines. 2.30 Report West Headlines. 2.35 Report West Headlines. 2.40 Report West Headlines. 2.45 Report West Headlines. 2.50 Report West Headlines. 2.55 Report West Headlines. 3.00 Report West Headlines. 3.05 Report West Headlines. 3.10 Report West Headlines. 3.15 Report West Headlines. 3.20 Report West Headlines. 3.25 Report West Headlines. 3.30 Report West Headlines. 3.35 Report West Headlines. 3.40 Report West Headlines. 3.45 Report West Headlines. 3.50 Report West Headlines. 3.55 Report West Headlines. 4.00 Report West Headlines. 4.05 Report West Headlines. 4.10 Report West Headlines. 4.15 Report 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BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BT
 Telegrams: Finantime, London F54, Telex: 886241/2, 883897
 Telephone: 01245 8060

Tuesday January 31 1978

Green pound' under fire

HERE are a number of ironies in the decision by three of Britain's EEC partners, Germany, the Netherlands and Belgium, to block plans for a 10 per cent devaluation of the pound. In the first place, Mr. John Silkin, the Minister of Agriculture, has been quick to point out, the boot was only on the other foot. On several occasions last year his colleagues in Brussels were pressing him to take any action they are now taking.

Secondly, of course, the Dutch, German and Belgian Ministers are preventing Mr. Silkin doing anything that he was himself doing in the House of Commons only last week. The 7.5 per cent figure was imposed on Government by the Opposition with Liberal support. The Ministers would undoubtedly have been less than forthcoming towards the devaluation that Mr. Silkin had finally requested before his resignation in the Commons. The EEC Commission had already said it would back a 10 per cent devaluation.

When resistance to the British first surfaced at last week's Council of Ministers meeting in Brussels, the immediate suspicion was that the countries were trying to force a bargaining chip to be used against British concessions on the common fisheries. Mr. Silkin had gone to Berlin, however, they are now re-examining yesterday. This was done firmly and publicly by the Germans, who are generally considered to be the leaders in the green pound.

If such a link was ever made, it no longer appears in operation. The real motive behind the countries' stand seems to be much more closely concerned with the annual round of farm negotiations that are soon to be seriously under way in Brussels. Mr. Silkin has alarmed farmers from other countries by announcing that he intends to freeze the price of surplus commodities. But the Commission has proposed an average overall increase in farm prices of only 1 per cent. To the other side, it looks suspiciously as if Mr. Silkin is out to help farmers by a green tax.

Job protection problems

ERDAY'S statement about protection by the Secretary of Employment follows the lines. It was necessary to see three of the various measures for protecting and subsidising jobs which have grown in the past few years are due to expire. They are to be extended for another three years. The first is the "firm's" subsidy, which at £100 a week for less than 10 workers and £200 a week for new jobs they create. The second means to take £100 a week from the larger firms and not to let it to firms in special payment areas. The second release scheme, enables firms in their last year before going into liquidation to pay for the unemployed for an allowance of a week tax free.

According to Mr. Booth those schemes covered only some 100,000 workers. They were reduced in size by the third, temporary employment subsidy which covered well over 1 million. This was first introduced in mid-1975, but its scope has been considerably extended. The number of subsidised workers has been reduced twice, and the maximum period of the subsidy increased.

Common interest
 It is to be hoped that the problem can be amicably settled. Unemployment is high everywhere, protection is in the air, and it is in the interests of every industrialised country to abide by rules of fair competition. The new multi-fibre agreement and the recovery of consumer demand should help the textile industry in this country and make it possible to move away from blanket to conditional support, while unemployment as a whole is very high, there are already shortages of particular types of skilled labour which it should be the Government's aim to remedy through training schemes. If this is not done, the pace of economic expansion will be severely limited.

in fact, hardly a temporary employment subsidy any more. It is a semi-permanent measure for preventing redundancy in existing industries—the reverse of the ideal, generally agreed to be for new jobs in new competitive industries. It is more, about half the going to the textile and other industries, which have been hit in all the industrial countries. This is

THE CONSEQUENCES of the slump in demand for pulp and paper are starting to spread from Scandinavia into the rest of Europe, as a proportion of the original manufacturers discover that many of their old assumptions have gone for ever. The atmosphere of crisis deepened this week when the French Government announced that it was pursuing an anti-dumping case against North American pulp suppliers. The French are alarmed that cheap imports will undermine their own pulp industry. Only a few weeks earlier, the President of France, M. Giscard d'Estaing, asked for talks with the British Government on the industry's problems.

The full implications of over-capacity in the industry have only recently become apparent, although the recession has lasted more than three years. Until the middle of last year, many executives were still talking optimistically about the resumption of "normal times." But it is now clear that "normal times" are unlikely to return at least until the 1980s. Several important changes in the pattern of consumption and supply took place alongside an exceptionally prolonged and deep recession. The growth in demand for paper and pulp after the slump is expected to be much lower than on the historic trend in the industrial countries, even when the general level of economic activity improves.

Forward gallop

At the same time, the industry is burdened with a large amount of surplus capacity, both in pulp and paper, as a result of investments made in the early 1970s when prices soared and demand for paper and board seemed set on a wild forward gallop. Many of the new machines and mills started to pour tonnage on to the market just as demand was collapsing. Inevitably governments became involved because of the great importance of the industry, particularly to the Nordic countries, but to a lesser extent in other parts of Europe also. The Swedish Government has already helped to subsidise surplus pulp stocks, and in France, State financial support is planned to assist with the rationalisation of the ailing paper industry.

Traditional estimates of supply and demand are being further upset by the introduction of plants making a new type of thermo-mechanical pulp with properties somewhere between those of the mechanical pulp used in newsprint and of the chemical pulp used for fine paper. Ordinary mechanical pulp is made by grinding logs between stones until they are reduced to fibre. It is economical because almost none of the wood is wasted. Chemical pulp on the other hand, is made

MEN AND MATTERS

Canada's nuclear Scot

Lanarkshire-born James Donnelly is renowned for strong nerves and "superb commercial antennae." He will need to keep the latter finely tuned, because today he takes over as president of Atomic Energy Canada Limited (AECL), his predecessor was sacked following an Ottawa uproar about a nuclear power station deal with Argentina for which AECL—a parastatal body—has made provision for losses of \$180m.

When Dr. John Foster was summarily removed last July he was generally regarded as a political "fall guy"—he was not even in charge when the disastrous Argentinian contract was signed. If so, that is even more reason for Donnelly to exercise the business acumen for which the AECL clearly chose him. He was for 20 years with English Electric and GEC, latterly as manager for power station projects and commercial director for turbine generator marketing. His former GEC boss—Everett Long, managing director of Reactor Equipment Limited, of Leicester—admitted being "a little surprised" on hearing that Donnelly had won the AECL job, but then cited these antennae as the prime reason.

When Donnelly emigrated to Canada in 1974 he seemed to be right out of nuclear development. He joined International Systems and Controls Corporation for forestry products. Now, at 47, he will lead a corporation with 6,000 employees and wide-ranging responsibilities for nuclear energy research and development. He inherits the burden of the 600 megawatt Argentinian station, due for completion next year, and a similar project in Korea over which there has also been some

commercial unease. Undeterred by these foreign ventures, AECL is negotiating for nuclear power contracts in Japan and Romania, where a Canadian team is currently discussing a massive long-term programme. Interest in having a second Canadian station has also been expressed by (wait for it) Argentina. Yesterday an official at AECL's Ottawa headquarters observed: "Our future contracts will be written very carefully." At that moment, Donnelly was attending his first weekly AECL executive meeting, with those famous antennae already at work.

Tales of Hoffmann
 Adolf Jann, who gained a reputation as the toughest and most secretive leader of the Swiss drug industry during his 19-year period as president and executive chairman of the Hoffmann-La Roche pharmaceutical group, is stepping down in June after seeing the company through the immediate aftermath of the Seveso poison cloud disaster.

He originally planned to retire two years ago but stayed on once it became clear that the release of dioxin from Hoffmann's Givaudan subsidiary factory in the Milan industrial suburbs had involved the company in a complex human, political, economic and legal drama which far outweighed the preceding tough legal battles concerning the high prices charged for the company's Valium and Librium tranquillisers.

Now the company has gone outside the company for a successor and chosen Fritz Gerber, chairman of the Zurich-based Versicherungs-Gesellschaft insurance company, as the new president. Gerber will, however, only take on the function of president, a part-time post, and will retain his position at the head of Zurich Versicherung. The executive chairman part of Jann's former dual position goes to Alfred Hartmann, for long Jann's number two as vice chairman and delegate to the general management.

Copper crop

Mining is one of those boom or gloom industries where sentiment turns from pie in the sky dreams to lay down and die with bewildering speed. Those who charged that the great Australian minerals boom of the early 1970s for example will remember Posidon, the nickel company whose shares rose from a few shillings to a peak of £1,400 per share in 1974.

Posidon is now in the hands of the liquidator, while the price of copper is around \$825 per

tonne, at which price most of the world's copper mines are losing money hand over fist. The Zambian copper industry is one of those feeling the pinch hardest and the country's president, Kenneth Kaunda, has just emphasised the need to cut back on copper production and diversify the economy.

During his latest five-day tour of the copper belt he called upon the mining companies—now 51 per cent owned by the state—to move into farming. He even offered to personally issue work permits to expatriates with technical know-how in farming so as to boost the country's agricultural output and employment.

All of which took our mining editor's mind back to 1959 when the then Rhodesian Selection Trust (now Roan Consolidated Mines Group) pioneered a scheme for large-scale farming and irrigation of the Kafue Flats area of what was then Northern Rhodesia. It was all part of a plan to use water from the Kafue dam hydro-electric project and build up arable crops and cattle-raising worth an estimated £30m annually. A pilot scheme was set up but it floundered in the face of official indifference: with copper showing a handsome profit in those days at £250 a tonne, it was just far easier to import the country's farming shortfall.

Fishy
 A reader who spent a night in a Bayswater hotel last week tells me that when a young Spanish waiter came to her table to take her breakfast order she looked at the menu and then asked him what the kippers were like. "You don't know?" came the reply. "Look! I draw one for you!"

Observer

Squeaking pips in the pulp and paper industry

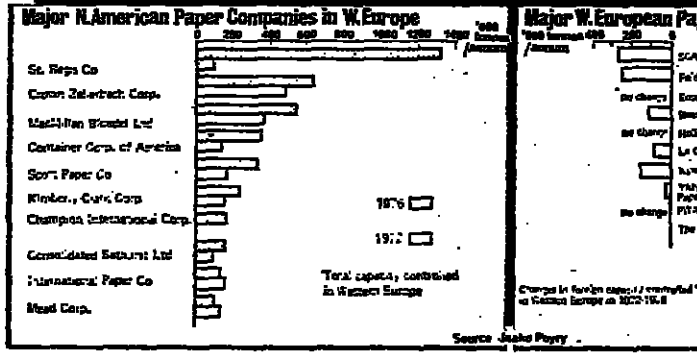
BY MAX WILKINSON

about 60 per cent in 1977, with a corresponding decline in Scandinavia's share.

Mr. Lars Londen, managing director of Finsell, the marketing organisation for Finnish pulp, said they had held up the price in the hope that demand would revive, because they believed stable prices were in the best interest of the industry.

For a capital intensive industry it is almost a disaster to see a quarter of the market share disappearing. The point came when we had to defend markets which had been built up over the last 50 to 60 years. The price was reduced first in the summer, and then again in the autumn last year, and now,

large Brazilian projects have been delayed because of the poor market outlook. Total world capacity of all types of pulp was about 141m tonnes in 1975, and is expected to increase by about 35m tonnes up to 1985. Some three-quarters of the increase will be in chemical pulp for fine papers and packaging materials. The rest will be in mechanical pulp. The increase in capacity and reduced demand is being matched by a third trend of perhaps even greater significance—the improved technology of paper making which has resulted in a much more efficient use of fibre. These improvements were stimulated partly by the shortage of fibre



Mr. Londen says, there are signs of customers returning, and then intensified by the need for greater economies during the slump. An illustration of this trend is that experimental paper is now being made in which about 40 per cent of the natural fibre is replaced by English china clay.

The recession produced a number of responses from users and manufacturers:

- Economies in the use of paper throughout Europe. (Previously, a 1 per cent increase in economic activity caused a 1.5 per cent increase in demand for paper, but from 1973 to 1982 it is estimated that increased paper demand will be only about 0.7 of general economic growth.)
- Increased use of recycled waste paper at the expense of virgin fibre.
- More efficient use of pulp in the paper-making process. This factor, together with the increased use of waste, has led to a 30 per cent reduction in the need for virgin pulp in EEC paper mills between 1970 and 1976.
- Increased use of clay and other fillers.

For the EEC, which is a substantial net importer of pulp,

the price war among the pulp producers might seem a blessing, but it is not regarded as such. For a start, any weakness in pulp prices tends to spill over into the paper market.

M. Schmidt, for example, says: "Sudden price changes always have adverse repercussions, introducing disorder in the paper market, and any profit accruing from such price declines are very short lived." He believes, therefore, that European paper makers should combine with Scandinavian pulp producers against the common enemy of cheap transatlantic and other imports.

Secondly, there is a sizeable pulp industry in France, Germany and Italy, and a growing one in the U.K. The economies of new pulp mills, like the one planned by Thames Board Mills at Workington in Cumbria, will be undermined unless world prices recover. (In the U.K. home-produced pulp supplies about 8 per cent of the paper industry's raw material needs, but this could rise substantially as plantations in Scotland and the North of England mature.)

Thirdly, there is a danger that the pulp suppliers in the Nordic countries will put more and more of their new investment into paper and board, either by building new machines in their own countries or by acquiring mills in other parts of Europe as captive outlets. In the fine paper field, the desire for forward integration has led recently to the commissioning of several huge new machines. MoDo of Sweden bought a 125,000 tonne per year machine into production near its sulphate mill at Husum 15 months ago. And this summer a similar machine was commissioned by Nordland Papier of Germany, the half-owned associate of Finnish Kymi Kyminki. Each machine has a capacity but if there ever was a cartel, there isn't one now."

Estimate of the growth rate

In its latest forecast for the printing and writing paper market, EEC International (English China Clays) has cut its estimate of the growth rate to 1980 by half—from 6.2 per cent a year to 3.1 per cent. The company says: "Unlike our previous forecast our present one is in sharp contrast with past experience where, for example, printing and writing consumption increased fairly steadily at 7.0 per cent a year between 1964 and 1973. To borrow a phrase from our American friends, we believe we are in a brand-new ball game in which we have to live with more modest growth rates."

Thus paper makers in the EEC as well as pulp suppliers in Scandinavia are caught between low demand and excess capacity. As in steel and synthetic fibres, the necessary adjustment will have to involve mill closures—unless governments step in to keep uneconomic plants in operation.

In the meantime, in the absence of any "Davignon plan" for the industry (though the European Commission is taking an active interest in the matter) intense price competition continues. The old understandings and gentlemen's agreements about "responsible pricing" have been blown away. As one senior executive remarked: "Don't quote me, but if there ever was a cartel, there isn't one now."



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مكتبة الأصيل

The case of the vanishing secretary

THE NEXT generation of business executives may have to learn to live without personal secretaries. Ladies who are willing to devote eight hours a day to the service of a gentleman in an office may become as rare as their predecessors who were willing to serve as maids or housekeepers in the home.

The word "may" should be stressed. The employment agencies and the relevant Government officials agree that there is a growing shortage of secretaries, but there are no hard statistics to prove the point. Manpower Services Commission officials think it is mainly a central London problem, exacerbated by high fares. So far as I have been able to ascertain, no serious national study of this section of the labour market has been undertaken in recent years.

There is a general belief that relatively few women wish to become secretaries, but there is no formal proof that this is so. There is a set of notions about why a formerly high-status job should apparently have become less attractive, but there is little evidence to support these notions.

In the U.S. there are fewer doubts. The Department of Labour has predicted a continuing increase in the demand for competent, trained secretary/shorthand typists, but no one can see any way in which the supply can be made to increase in step. On that side of the Atlantic salary often counts for more than status, and there is a distinct movement into manual work, where in some cities a girl might make \$16,000 a year as an unskilled labourer, as against

perhaps \$2,000 a year less in a secretarial post in an office.

For those who prefer to stay in white-collar employment, "secretary" has become the equivalent of "dead-end." A decade ago most women still regarded their income as supplementary—something to tide them over while looking for a husband, or something to add to the husband's earnings. Now a growing number of American women make serious inquiries about the career prospects attached to a job.

Reports from several American sources suggest that many companies are finding it difficult to adjust to this unsurprising concomitant of "women's liberation." There is apparently a level of salary above which it is impossible to pay secretaries without upsetting the entire management salary structure. There is also a psychological barrier against promoting secretaries into management itself, although that would of course revive the status of the declining profession.

Here in Britain there is some evidence that, as usual, we are catching our own version of something that is afflicting the Americans. In its latest "Survey of Secretarial and Clerical Salaries," published yesterday, the Alfred Marks Bureau says that the number of vacancies registered in London during the closing quarter of last year was 26 per cent. higher than in the corresponding quarter of last year.

"Vacancies for the ever-scarce secretary shorthand typist established a new record, accounting for 46 per cent. of the total number of vacancies registered during the quarter," says the bureau.

Mr. Eric Hurst, joint chairman of the Brook Street Bureau, says that "we have thousands of vacancies that we cannot fill." The extreme shortage of skilled and competent secretaries and shorthand typists is, in his view, "ridiculous" while there is still such a high level of unemployment. With salaries of £3,500 and £4,000 available for experienced workers at the top end of the scale, the net earnings are so very different from those of, say, junior managers or trained architects at the lower end of their profession. Yet the number of people coming in and asking for secretarial jobs continues to dwindle, although demand, says Brook Street, has grown rapidly.

It appears that this strength of demand is fairly recession-proof and that executives who want secretaries are not easily fobbed off by being given dictating machines and told to send the tapes to the typing pool. Clearly there is a psychological need for the status symbol, or the female company, or the personal services ("tea, please") that a secretary provides.

If so, companies had better start thinking about how to meet the growing shortage. One theory has it that many former permanent employees are making better money as temporary secretaries or shorthand typists, but the agencies say that the markets for "temps" and permanent workers are not quite so interdependent as that. Another theory is that the number of male secretaries and shorthand typists will grow at a sufficiently rapid pace to make up the difference.

None of this seems sufficient



to overcome the sense that the long-term trend is away from service as an "office wife," with the only possible improvement being a movement upstairs to the position of secretary to an even more important person.

What can be done about it? Executives, male and female, could be taught to type their own letters, make their own appointments and fetch their own coffee. I can certainly type faster, and possibly more accurately, than most secretaries who have worked with me. (The present lady in question says it should be "for" me rather than "with" me, since the existence of her job depends upon the existence of mine—which is, of course, the whole trouble, from the secretary's point of view.) But should, say, a Leyland manager be taught to type and keep a diary?

A calculation using strict accounting methods might come out with the answer that he should—that the extra time it would take him to do his primary job would cost less than the total employment price of a good secretary. What cannot be calculated is the probable effect on that manager's morale. Someone ought to study it. The answer might be that secretaries are essential, but it could be that at least some executives would actually work more effectively without them. Or we could promote some of the secretaries.

The Employment Protection Act, following the exposure of some of its flaws during the course of the Grunwick dispute. Although two of the Private Members' bills involved contain elements that can only be described as an affront to democracy, their appearance should be welcomed. For they constitute evidence that the "Labour movement"—the TUC, the Labour Party and the Government—is coming to understand that good industrial relations cannot exist outside a framework of law.

As for the attacks on democracy, we must be on guard. There is always a danger that some of the crusading collectivists in the Labour Party will succeed in pushing a particularly obnoxious clause into a statute, but since 1976 it has not been easy for them to do

so. The normal tendency is for the brakes to be put on at the last moment, and this tendency has been supported by the great upswell of feeling against too overweening a use of trade union power.

Thus Mr. Ted Fletcher's Bill, which received its second reading on Friday, January 20th, seeks to make it easier for the Advisory Conciliation and Arbitration Service, ACAS, to press for the co-operation of employers in recognition disputes. Given an even-handed ACAS, this would be fair enough—but then Mr. Fletcher spoils it all by excluding what he calls "sweetheart" unions and what members may call "our chosen union" from the scope of ACAS inquiries, leaving it to this possible advance guard of the corporate state to decide which union is independent and which is not.

Mr. Ian Mikardo's Bill, which was read a second time on Friday, gives workers the right to appeal against unfair dismissal if they are sacked by their employer following an ACAS recommendation that their union be recognised. This would partly close the loophole in the law that enabled Grunwick to dismiss a large section of its workforce for going on strike—although in that case the strike preceded the ACAS recommendation. The anti-democratic part of Mr. Mikardo's Bill is designed to free the TUC from the embarrassment of an ACAS ruling in cases like that in which the Engineers' and Managers' Association is involved. Never mind the details—the point is that this is an attempt to place TUC business outside the law or the jurisdiction of even a

quasi-independent body like ACAS.

On matters such as this the British Left can usually be relied upon, given enough rope to build a scaffold and place the hemp around its own neck. This is what one must hope is doing with the Fletcher and Mikardo Bills—and it is what will have happened if the obnoxious parts are excised while the general principle that we need fresh industrial relations law, is moved a step or two forward.

Although that principle is making progress, there is still some distance to go. According to the latest issue of Engineering Today, Mr. Jim Mortimer, chairman of ACAS, is still sticking to his view that "There cannot be powers without penalties; and these would not help us solve industrial relations problems." He also fears, says the journal, that giving the service powers would result in more cases ending up in court, which might reduce the area of discretion it enjoys.

Perhaps he has in mind the warning sounded by Lord Salmon in the House of Lords ruling on the Grunwick case. I said that if ACAS made recommendations for recognition against the "genuine opinions of a large majority of the workforce" the courts would have to overrule it. The ACAS view, held with dangerous sincerity, is that knows best how to do its legal stipulated duty of promoting collective bargaining. That why we need a comprehensive law to protect us from official bodies that are convinced that they know best.

Joe Roga

Letters to the Editor

Investing in new ventures

From Lord Forchester, Chairman, Economic Planning Council, South East Region.

Sir—The South East Economic Planning Council has recently been considering the problems of small businesses, with particular reference to innovative ventures which develop new ideas or inventions, as a result of our discussions we have now written to Mr. Varley and Mr. Lever to let them have our views.

In our letter we argued that over the last few years a climate has grown up across the country which is fundamentally hostile to the sort of entrepreneurial activity which is associated with the development of small firms. In particular, risk capital for new ventures is difficult to obtain.

The Council is anxious that major lending institutions and private individuals should be persuaded to invest more readily in new ventures. The Government might be able to encourage greater flexibility in lending policies along these lines. In particular, we do not think that the present system adequately recognises the fact—which is not confined to this country, but is common experience among the industrial nations—that for each new idea which proves a commercial success, there are many which do not. At present, tax is levied on the profits from the ten per cent. of innovative ventures which are successful without any allowance being made for the inevitable losses on the other 90 per cent. We believe also that if losses on risk capital investments were allowed to be set against other income for tax purposes, the industrial and employment benefits would outweigh any loss of income to the Exchequer; investors would then be able to feel more happy that the profits on successful new ventures would compensate for losses on the unsuccessful.

Another factor which the Council believes is equally damaging to the development of new businesses, the increasing burden placed upon them by Government activity. Statistical returns take time and effort to complete. The complex and ever-changing tax laws similarly require a disproportionate effort to disentangle. The implications of new legislation on, for instance, employment protection or safety at work have to be worked out. We realise, of course, that small businesses must pay their fair share of tax, and that they have no special entitlement to legal privileges or exemptions. But we feel that there is considerable scope for the present system to be simplified, while for the future we hope that new legislation will only be enacted after the implications for small businesses have been fully considered.

The Council believes that the potential for the development of new small businesses in this country remains large. The inventiveness of British technicians and scientists is as great as it has ever been; Britain wins more Nobel prizes per head of population than the U.S. and regularly balances its payments on royalties and licence income—unlike France, Germany and Japan, all of which are net importers of inventions. This kind of inventiveness and innovation should be a major stimulus to the growth of new businesses, and so a source of new employment. Yet Britain's record in developing new ideas is disappointing. We are concerned that at a time of high unemployment a great opportunity is being missed because too many difficulties are being placed in the way of the innovators and the small firms.

We are anxious that Govern-

ment should act soon to reduce these difficulties.

Forchester,
Charles House,
375, Kensington High Street,
W.14.

Cloth needs calculating

From Mr. E. Ward.

Sir—My colleagues and I were delighted to see the report on January 24 under the heading "Central computer may cut cloth" but are anxious to correct one small misunderstanding. Our office in Winslow is small and in fact the work we are doing for the Department of Industry and the Garment and Allied Industries Requirements Board is being managed, controlled and largely conducted in London. It might also be helpful if we emphasised that the function of any central bureau, using computer numerical control, set up for the garment industry, might be confined to pattern grading or pattern grading and lay planning, without cutting cloth at all. The decision will depend on the acceptability of such bureaux to the industry and the overall economics, which we are currently calculating.

E. Peter Ward,
Metra Consulting Group,
23, Lancer Belgrave Street, S.W.1.

A thirteen hour day

From the Managing Director, Acar International.

Sir—I must speak in defence of the Export Year conference organisers, against the rather unkind comments in Men and Matters column on January 27. You say "Exporting can be fun" and suggest a leisurely pace to

Opportunities for textiles

From Mr. N. Sussman.

Sir—It is perhaps unfortunate that you should have chosen to caption the concise and penetrating article by your Textile Correspondent, Miss David, "Clothing decline" (January 27), for what he so clearly unveils is the opportunity which is now available to the industry to "arrest" the decline which has taken place over recent years. The article accepts the industry's failure to respond to exhortations to improve its performance has in any way puzzled the Government for there could be no doubt that one solitary factor was holding all else back—the lack of confidence. That confidence has now hopefully been provided by the satisfactory renegotiation of the Multi-Fibre Arrangement, which the Government has carried through with resolution and determination which commands the gratitude and appreciation of the entire textile industry.

The MFA in its present form provides the parameters of stability within which the industry can set about to improve its performance, while the seemingly last-minute take-up of the 13m. clothing scheme of assistance is but a reflection of the industry "sensing" the progress of the Brussels negotiations and reacting positively.

This spontaneous response is particularly significant, for it reflects a determination to seize the opportunity which the MFA Council at its meeting, this coming Wednesday will pay due regard to this key element in the strategy.

There is a chink in the grey industrial clouds. We must make them part and in so doing prove your headline to have been indeed unfortunate.

Norman Sussman,
Albany House,
12, Albany Road, E.10.

the proceedings in Birmingham. I note that your observer was not there!

As one who took part (my company was one of the case studies), I found it quite a full day. My colleagues from South Wales met at the office at 7 a.m. to convene in Birmingham. The conference itself included speeches, and the presentation of five case studies which were as much as anyone could reasonably follow with interest. Lunch included an important speech by Mr. Joel Barnett to which you gave full coverage in your column. Both management and employee representatives found the conference most interesting, and as an exercise in industrial relations both positive and useful.

We broke up after 4.30 p.m. and were home at 8 p.m. I am sure those people travelling from the North would have had a much longer day. In my experience, exporting is hard work, but can still be enjoyable if a 13-hour day is acceptable as a norm.

K. M. D. Johns,
Penarth Road, Cardiff.

Quota-imported cutlery

From the General Manager, Lockhart Catering Equipment.

Sir—Quite clearly the whole industrial, commercial, and leisure areas of catering would be severely damaged in their pricing structure should any restriction be imposed on, not only the volume of cutlery and cutlery to be imported, but also on the importers, for it has been suggested that only manufacturers should be permitted to import.

The price of British-made cutlery and cutlery is very high for what is largely an automatic production procedure. When millions of pieces of knives, spoons, and forks are "lost" each year, why in acceptable areas should caterers use high-priced, slow delivered—British manufactured cutlery which will add considerably to the "cover" cost per customer.

Rarely do we see inexpensive imported ware which has the elegance and style of the U.K. manufacturer. I believe they should stay on that side of this particular fence and ensure they do not lose out on that lucrative section of the trade.

In many other avenues of trade where British industry has been defeated into second or third place or total obscurity, the controlling bodies have imposed standards. It is my belief that standards should be maintained in terms of the quality of cutlery and cutlery which are imported. There are many sources of origin for imported cutlery and cutlery, but very few standards are fixed.

It is my personal view that British-known names should not appear on imported cutlery where they represent a trading mark and that the quality of the steel is clearly specified.

It is quite simply the view of some members of the new Federation that by restricting imports down to as much as 25 per cent. over the first five years and then holding for seven years that this will enable British manufacturing industry to restore itself. This is absolutely rubbish, the fact being that they are totally inadequate by volume, price and delivery to meet current demand. They have had for many years prime manufacturing capabilities and markets and they have just not re-invested in themselves for whatever reason.

They must now invest money and promote themselves as efficient manufacturers in the world market of cutlery and cutlery.

P. N. Price,
Lockhart House,
836, Oxford Road, Reading.

Setting sails

From Mr. J. McNeil.

Sir—Your comments in "Men and Matters" (January 25) are timely and pertinent. I do not believe, however, that the shortage of trained crews may be such a stumbling block to progress towards the adoption of freight sailing ships as you imply.

For some years studies have been in progress on this matter in several countries and ships of from 4,000 to 36,000 tons have been designed in the United States, Australia and Germany. In the U.K. there is a co-operative venture, the Shipbuilders' Advisory and Supply Service on Sails, which has been at work on the problem too.

Carried to the extreme in advanced design, there would be little need for a large crew experienced in setting and furling sails. The ultimate concept is one in which such skilled manual operations would be replaced by an oil-hydraulic system powered by the ship's auxiliary engine. In a square-rigged ship the yards would be keyed into the masts which would be turned by hydraulic motors to set the sails according to the prevailing wind. An extension of the concept would be the control of these functions by shipboard computer which would receive the relevant information from a weather satellite. The crew would be more of a team of skilled maintenance engineers than of hard-headed "old salts."

The idea may sound fanciful but so did space flight until April 12, 1961.

Jan McNeil,
60, Greenhatch Avenue,
Banstead, Surrey.

To-day's Events

GENERAL
CBI Industrial Trends Survey for January.
Railway pay talks begin.
Gas workers' pay talks resume.
Nuclear Installations Inspectorate report.
Schools Council governing body considers reorganisation proposals for examinations and curricula of English and Welsh schools.
First full session begins in Bern of International Cocoa Organisation advisory group on world cocoa economy (until February 2).
Memorial requiem for Sir Alan Walker, former chairman of Bass, Charrington, Westminster Cathedral, 11.30 a.m.
Guildhall Court hearing resumes of currency fraud charges against Lewis Altman and Co., stock brokers, and others.

Parliamentary Business

House of Commons: Scotland Bill, committee.
House of Lords: European Patent Organisation (Immunities and Privileges) Order 1977, International Rubber Study Group (Immunities and Privileges) Order 1978, Theft Bill (HL), committee.
Industrial and Provident Societies Bill (HL), second reading.
Bills, second reading.

Company Results

BAT Industries (full year), Reed International (third-quarter figures).

Company Meetings

Brentford, Bedford, Shrewsbury, 12.15. ICL, Winchester House, E.C.12, Sotheby Parke Bernet, Bond Street, W.1. United Spring and Steel, Birmingham, 12.

Opera

English National Opera production of Carmen, Colise Theatre, W.C.2, 7.30 p.m.

Ballet

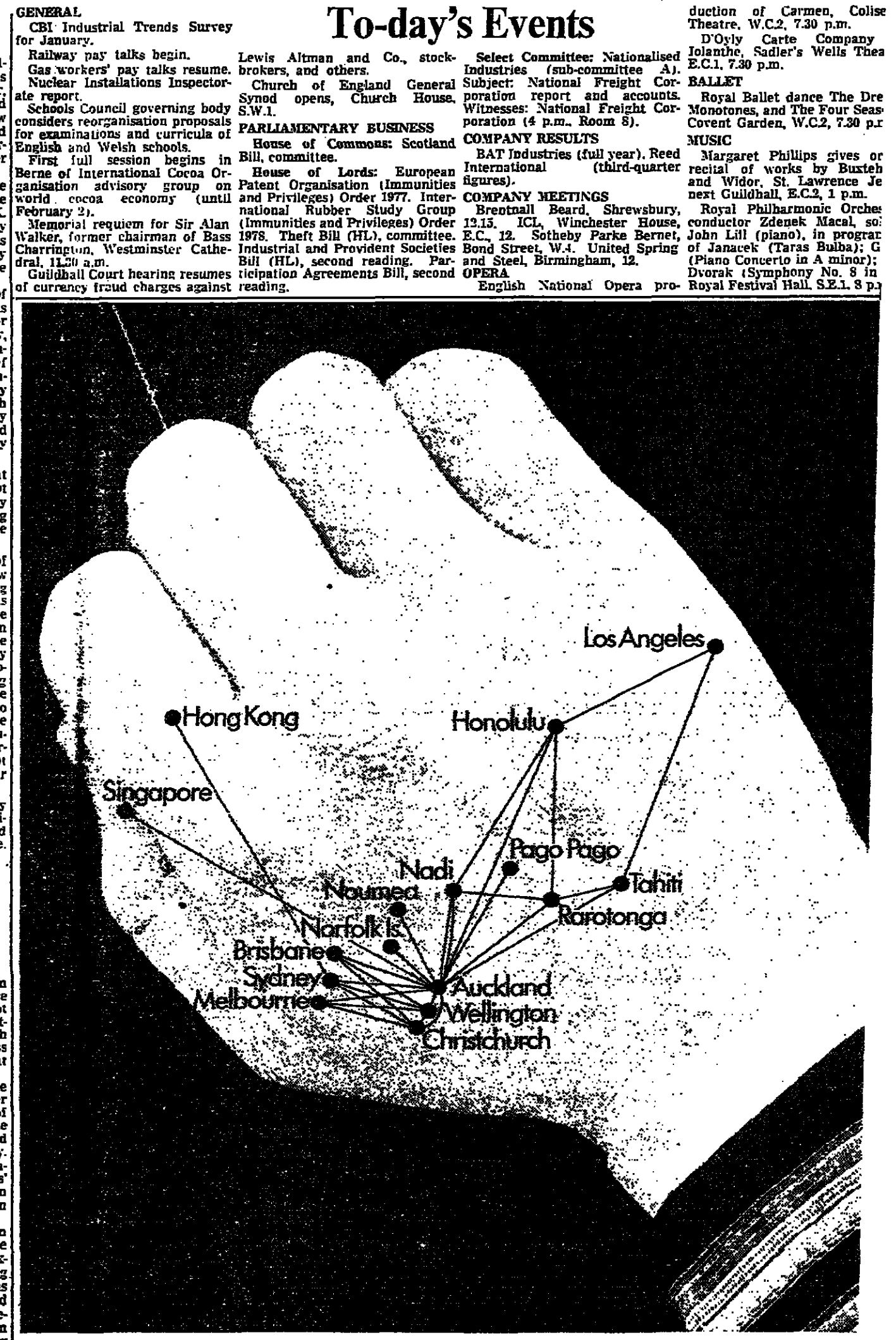
Royal Ballet dance The Dre Monotones, and The Four Seasons, Covent Garden, W.C.2, 7.30 p.m.

MUSIC

Margaret Phillips gives or recital of works by Buxtehude and Widor, St. Lawrence Jewry, E.C.4, 8 p.m.

Royal Philharmonic Orchestra

conductor Zdenek Macal, St. John Lill (piano), in program of Janacek (Taras Bulba); G (Piano Concerto in A minor); Dvorak (Symphony No. 8 in F major), Royal Festival Hall, S.E.1, 8 p.m.



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MINING NEWS

No scramble for gold yet in Canada

BY KENNETH MARSTON, MINING EDITOR

WHILE South Africa's good grade and technically excellent gold mines move into a new era of prosperity behind the climbing price of bullion, many investors have been seeking gold possibilities in other areas of the world where there is far less political risk element.

The scope is very limited. Canada provides the most obvious target and last year the Toronto gold mines index climbed from under \$50 to over \$120 and is currently around 1385.

As Canada's Northern Miner points out, however, there are now only 15 producing gold mines in Canada compared with a peak of 146 in 1949.

The national mining newspaper is of the opinion, in its current review of the domestic gold industry, that the low point has been reached and that an upturn is now under way. But a round-up of views among experienced industry spokesmen leads the Miner to warn: "Don't hold your breath... coupled with the rise (in the gold price) has been a very sharp increase in operating costs."

It is, of course, worth bearing in mind that as a result of the weakness in the U.S. dollar the current price of gold in that currency of \$194 per ounce is equivalent to \$134.

Meanwhile, Canada Mines has earned \$3.4m. (£1.5m.) in 1977 compared with \$2.1m. in the previous year, having received an average price for its gold of \$C160.

Dr. Balesh Konda of the Canadian investment house, Wood Gundy, estimates that each rise of \$C10 in the gold price means an increase of 15 cents per share in earnings of Canada (they totalled over 100 cents last year), 20 cents for Dome Mines and 3 cents for East Malartic Mines.

As far as the reopening of existing mines or the starting of new ventures is concerned, industry opinion is that a gold price of some \$C225 is needed. That is the figure cited by Cochenour Williams for its mothballed property at Red Lake and also for a development of Calumet Mine in Michigan.

Gold has always been a major factor in earnings of Dickenson Mines which has now decided to go ahead with a big programme for development at depth of its veteran Red Lake gold mine. Dickenson's consolidated net profit for the first nine months of last year expanded to \$C340,000 compared with \$C10,000 in the same period of 1976.

Of possible new producers, the modest grade find of Amoco Canada Petroleum at Detour Lake in north-eastern Ontario is now moving into a feasibility study which could, it is thought, turn into Canada's largest gold operation.

The Cadillac area of north-

western Quebec, the Consolidated Gold Fields group's Darius Gold Mines holds seven properties and has spent some \$C4m. there. A 200 tons per day pilot plant is to be put into operation for three years after which, it is hoped, there will be a 2,000 tons per day operation.

Elsewhere in Canada, gold exploration is being stepped up but it is reckoned that it will need a relaxation of Governmental regulations coupled with a further rise in the gold price to produce any really significant influx of risk capital. And, as Mr. J. B. Redpath of Dome Mines says, "low grade is still low grade."

LOW PRICES HIT GIBRALTAR

The British Columbian copper producer, Gibraltar Mines, once

Freeport stunned by overseas losses

THE U.S. group, Freeport Minerals last year lost \$15.2m. (£7.5m.) on copper, raising in Indonesia and nickel mining in Australia, the latest figures disclose. Added to a sharp increase in exploration spending, this was the main factor in a drastic reduction of net profits over 1977.

Net income last year was \$21.1m. (£10.5m.) compared with \$45.5m. in 1976. Fourth quarter net income slumped to \$1.6m. against \$8.4m. in the same period of 1976.

The loss at Freeport Indonesia, foreshadowed after the third quarter, came to \$4.2m. over the whole year. The group has already warned that it might have difficulty in making scheduled debt repayments and has been seeking to make contingency arrangements for deferred payments. The debt obligation is more than \$50m. and the plan was to retire the debt by the end of 1981.

In Australia, at the Grovale nickel project, a joint venture with the Melbourne company, Metals Exploration, the 1977 loss was \$8m. The project was built and is now producing as the market collapsed. The build-up was itself subject to technical difficulties.

Freeport's experience in Indonesia and Australia emphasises the risks in bringing new mines into production in the face of economic cycles over which the industry as a whole has little control. In Indonesia an economy drive is now taking place only five years after the mine was formally opened.

Operations started at Grovale in 1974, and Mr. Paul Douglas, environmental conditions.

one of the most profitable of the Canadian copper mines, had a net loss in 1977 of \$C142,000 (£65,500) on sales of \$C41.2m., writes John Sogomich from Toronto.

This compares with a net profit of \$C943,000 in 1976, when operations were restricted by a strike of 19 weeks, and a profit of \$C32.5m. in 1975, the first full year of operations.

Gibraltar was badly affected by the low price of copper last year, but its position deteriorated progressively. There was a profit in the first quarter of \$C2.3m., but a loss in the last quarter of \$C368,000.

The Vancouver group, Placer Development, holds 72 per cent. of Gibraltar's equity. Shares in Gibraltar on Canadian exchanges have been around \$C3.70 recently, compared with a 1977-78 high of \$C7.50 and a record price of \$C13.50 in 1973.

Freeport stunned by overseas losses

Freeport's president, stated that under the equity accounting method, "cumulative losses as of end-1977 had exceeded Freeport's cumulative investment in the project. As a result, there will be no further charges to Freeport's earnings from future Greenvale operating losses."

What has sustained Freeport has been the revenue from its U.S. operations which amounted to \$45.5m. last year, compared with \$50.3m. in 1976. Although income from agricultural minerals was lower there was an increase from oil and gas production.

Oil and gas exploration costs accounted for two-thirds of the funds spent on the group's growth programme. This cost \$12.3m. nearly half as much again as the \$8.5m. spent in 1976.

SELTRUST'S BIG PERU CONTRACT

A contract has been signed between Empresa Minera del Centro del Peru and a joint venture of Seltrust Engineering and Surveyor, Neugier and Chevere, Montreal, to provide engineering services for a major modernisation and expansion of the copper smelter and refinery at La Oroya, Peru.

The work, the total capital cost of which is expected to be not less than \$100m. (\$51m.), will be based on a feasibility study made by Seltrust for increasing production capacity from 50,000 to 100,000 tonnes a year of copper, with modernisation of operating techniques and improvements in environmental conditions.

Coal to aid Dobson Park

MR. C. F. WARD, chairman of Dobson Park Industries, says the outlook for coal remains buoyant and the group looks forward to another good year from its mining machinery division.

He says that orders in its other main trading areas are holding up well despite competition in export markets.

In the October 1, 1977, year Dobson Park lifted pre-tax profit from \$5.06m. to \$5.1m. with overseas subsidiaries and associates contributing most of the increase. It also reflected continued good progress within the manufacturing divisions, Mr. Ward said.

He says the strength of the group's financial position allowed the continuation of its high level of capital spending, with \$2.4m. spent last year. The full year is budgeting for a 40 per cent. increase in planned capital expenditure for the current year.

Statement, Page 20

William Sommerville up £0.1m. halfway

An advance in taxable earnings from \$244,000 to \$244,000 is reported by paper makers William Sommerville and Son for the half-year to November 30, 1977, but the directors say that prospects from now until the year end are very uncertain.

There is a surplus of pulp and paper all over the world creating pressure on prices and margins and it is likely that the full year results will be quite on the level achieved in the first six months, they say. Last year's surplus was \$161,496.

However, the company's order

Reasonable prospects for McCorquodale

THERE ARE generally reasonable prospects for most activities of McCorquodale and Co. with improvements seen in its difficult areas and continuing benefits from its investment programme, Mr. Alastair McCorquodale, chairman, says in his statement with accounts.

Overall the group has confidence in its ability to improve its level of profitability, he says. In the year to September 30 last profit almost trebled from £10.5m. to £30.8m. before tax.

The Board has been pursuing its policy of reducing the group's commitment to products which show little long-term earnings potential, and two general printing factories were reorganised in the year.

A computer-based typesetting system has been approved for its largest book printing factory, and will cost \$5m. over two years. Considerable modernisation of printing and binding facilities is also taking place and has been justified by the encouraging performance of McCorquodale Books.

The engineering companies have improved their position substantially, although their future is dependent on the level of outside orders they can obtain.

Seasonal factors enhanced the performance of the packaging companies in the latest year, but there is a good underlying trend with opportunities for investment and growth.

Demand for cheques and related documents continues to be strong, and the performance of the U.K. security printing companies has justified the considerable investment the group has made in new equipment and systems, Mr. McCorquodale says.

book is in a comparatively healthy state and capital spending, amounting to some £150,000, has been initiated recently with a view to improving efficiency, the directors said.

The net interim dividend is held at 0.5p per 25p share. Last time a final of 3p was paid.

Half-time profit includes a contribution from the group's subsidiary Frank Grumfeld.

Syltune doubles midterm

PRE-TAX profit of Syltune for the half year to September 30, 1977, doubled from £256,000 to £512,000 on turnover half ahead at £5.2m. against £3.5m.

Over the operation of stock relief, the tax charge is lower at £108,000 compared with £122,000 leaving a net profit of £404,000 compared with £134,000. But directors say that the provision for the full year "may well take a larger slice" of taxable profits.

The interim dividend of 1.45p (1.4p) net per 25p share includes an additional payment in respect of the 1976/77 year of 0.05538p on the reduction in ACT. Last year's final was 3.8p and was paid from record profits of £645,000.

The company has interests in engineering, pipe system supply and wholesale electrical distribution.

After waivers of £21.57 (£14.50).

	1977	1976
Turnover	5,120,000	3,520,000
Pre-tax profit	512,000	256,000
Tax	108,000	122,000
Net profit	404,000	134,000
Dividends	2,817	15,921

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BIDS AND DEALS

Airco and BOC Intl. sued for fraud

BOARD MEETINGS

The following companies have notified dates of Board meetings to the SEC Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned interims or finals and the sub-divisions shown below are based mainly on

year's time-table.

TO-DAY
Interests:—Daehan Holdings.
Financs:—Serrano, B.A.T. Industr
IDC Group, Intereuropean Property.

FUTURE DATES
Interests:—
Garford-Lilley Industries Feb
Washams Feb
Wingate Construct Feb
Financs:—
Braid Qualcast Feb
Commercial Union Assurance Feb
Imperial Metal Industries Feb

HARRISONS INCREASES HME HOLDING

Harrisons and Crossfield have bought £18m. worth of shares in the HME group of companies. The group includes Harrisons Malaysian Estates, the biggest company in its empire.

"The results are even better than forecast due to a higher than anticipated increase in contribution from overseas associates and subsidiaries, and the continued good progress within the manufacturing divisions."

C. F. Ward, Chairman

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Future Prospects

The outlook for coal remains buoyant and we are looking forward to another good year from the Mining Machinery Division. Orders in the other main trading areas are holding up well despite increasing competition in export markets. Like all of British industry we are supporting the Government in their aim to contain inflation and your Board is facing the future with confidence.

C. F. Ward, Chairman

BLACKWOOD MORTON CLOSES IN CANADA

1. *Chlorophyll a* (Chl *a*)

1

WMS. HUDSON SELLS PLEASURAMA STAKE

EMPRESA

1. *Chlorophyll a* and *Chlorophyll b* contents were determined by the method of Arar and Collins (1987). The optical density of the chlorophyll extract was measured at 663 nm and 646 nm using a Shimadzu UV-1601 spectrophotometer. The concentrations of chlorophyll *a* and chlorophyll *b* were calculated using the following equations:

100

ASSOC. LEISURE ACQUISITION

TELE

LAIC'S REJECTION


1

Merrill Lynch International & Co. are pleased to announce that their Dutch affiliate, Merrill Lynch N.V., has been admitted to membership of the European Options Exchange as a public member, a floor broker and a clearing member. Merrill Lynch International & Co. has also been admitted as a public member.

As a leading participant in the American securities option markets, Merrill Lynch can now offer to qualified financial institutions not only its trading expertise but also the operational capacity for clearing transactions in all currencies on the European Options Exchange.

- * Software clearing programs will be completed in February 1978, to run on a Merrill Lynch IBM 370 computer.
- * Merrill Lynch's world-wide accounting and communications systems will be available to facilitate money and security movements.
- * Merrill Lynch's experienced options personnel from Chicago, New York and London are at present setting up our options clearing system in Amsterdam.

Banks, brokers and institutions wishing further information on our clearing services, prior to the opening of our Amsterdam clearing offices on March 1st 1978, are asked to contact Geoffrey A. Stanley or Joseph H. Sturdivant in London, care of Merrill Lynch Pierce Fennar & Smith (Brokers & Dealers) Ltd., 3 Newgate Street, London EC1A 7DA. Tel: 01-236 1030 or Merrill Lynch N.V., 107 Weesperstraat, Amsterdam. Tel: 20-230593.

 **Merrill Lynch
International & Co.**

Charterhouse see increase

The increase will result not only from improvements in trading conditions but from first time contributions from oil and new investments, as well as a result of action taken to improve the operations which have faced severe problems in the last year or so, he says in his statement.

Following the modification of treatment of deferred tax and a \$2.7m. surplus on the revaluation of properties allied with a stricter control over cash flow, pricing of Charterhouse improved from 1 to 0.85. Also \$3.5m. of 8 1/2 per cent. loan stock was converted to shares.

lary affected by the £2m. downturn to a £1.04m. loss by Charcon and the £400,000 loss incurred by Alenco's French subsidiary.

The recession and political uncertainty here called for a more conservative approach to capital commitments authorised and committed are maintained for the year at £3.2m.

Meeting, Abercorn Rooms, E.C., on February 23 at noon.

Statement, Page 19..

Farmier's products are said to be complementary to those of Archie Kidd and two other companies in the W-H group which make lifting and loading equipment for agricultural use.

Mr. Michael Smurfit is chairman, is making an agreed £3.3m. bid for fellow ironfounders and engineers Hammond Holdings whose shares were suspended for the whole of last week.

The offer has won recommendation from Hammond's Board which controls 3.5 per cent. of the shares, and has been accepted by the Bank of Ireland which has an 18.7 per cent. stake. Together

AS A MATTER OF RECORD ONLY

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15 DECEMBER 1977

1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Arar and Collins (1971) using a Shimadzu 1010 spectrophotometer. The concentration of chlorophylls was expressed in $\mu\text{g mL}^{-1}$ of the sample.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Petrofina raises dividend despite profits dip

BY DAVID BUCHAN

BRUSSELS, Jan. 30.

THE BELGIAN-based oil group Petrofina has not yet quantified the exact effect of this year's 16.5 per cent drop in consolidated profits for 1977 to B.Frs.5,038m. while profits in Belgian francs increased only 1.6 per cent, expressed in dollars they rose 11.7 per cent.

The company firmly maintains that the problems in the North Sea will have no effect on future prospects. Though Petrofina's share of the direct cost of the Ekofisk blow-out was \$2m, fully covered by insurance, and in line with its 30 per cent stake in the field, company officials point out that very little oil was lost, even if production was slowed down.

Average Ekofisk production over 1977 was 280,000 barrels per day, but by December this had built up to 390,000 barrels per day.

The North Sea is now Petrofina's major source of crude, providing 4m tonnes last year, with 1.5m tonnes (1.5m tonnes) the B.Frs.2,400m. (B.Frs.2,600m.) major factor was, as in 1976, the fall in the dollar, in which the group's sales are

get 6m tonnes out of the North Sea this year and 8m tonnes in 1979.

Petrofina officials say that 1977 sales and revenue were up on the B.Frs.200bn, recorded the year before, though no figure has yet been released. However, the company still complains of depressed prices for refined petroleum products, particularly in Europe.

Petrofina—along with the four other predominantly European oil companies, Elf-Aquitaine, CFP, ENI and Yeha—has in fact been urging the EEC Commission in Brussels to co-ordinate some Community-wide reductions in refining overcapacity. Petrofina's European refineries are for instance only working at about 60-65 per cent of full capacity.

The Commission has promised to continue its efforts in this area. But these are being blocked by some member states. The British Government in particular is keen to build up its industry's ability to process its North Sea crude.

Bankruptcy averted by shipping group

By Fay Gjester

OSLO, Jan. 30.

THE HALFDEN Ditlev-Simonsen shipping company, of Oslo which faces severe liquidity problems as a result of the shipping crisis, has reached an agreement with its three main creditors and averted the threat of bankruptcy. The company is to stay in business for a further four years at least.

The agreement includes an increased loan guarantee commitment by the state-backed Guarantee Institute for Ships and Drilling Rigs, which is providing a Kr.72.8m. guarantee, against Kr.33m. previously.

The three major creditors—Christiania Bank og Kreditkasse of Oslo and the Swedish shipyards, Kockum and Gotaverken—will take a combined loss of over Kr.50m. as a result of the agreement, according to the Oslo newspaper Arbeiderbladet. Of this, the bank alone will bear between Kr.15m. and Kr.20m., the paper said.

Halfden Ditlev-Simonsen would not comment on the amount involved. He confirmed that an agreement had been reached, though it still had to be approved by the company's smaller creditors. He expected this approval in the near future.

The negotiations mainly concern two 100,000 tonne deadweight bulk carriers, originally worth Kr.50m. each, built for Ditlev-Simonsen in Sweden. The value of these ships has been halved over the past year as a result of the maritime financial crisis. The new financing plan is based on the pessimistic scenario possible—that the two ships will have to be sold throughout the coming four years.

Meanwhile, another financially troubled company, Reksten, is having to revise its financing plans for two 16,000 tonne deadweight dry cargo ships as a result of the poor freight market. These ships, built by the Norwegian group Aker, are due for delivery shortly—one in a week's time and the second in June.

The Ship Guarantee Institute, which was involved in financing them, has asked Reksten for talks about its operating plans for the vessels, in view of the lack of demand on the market at present.

AMERICAN NEWS

Call for SEC probe into Sun-Becton Dickinson bid

BY STEWART FLEMING

NEW YORK, Jan. 30.

EXPRESSING CONCERN about the acquisition two weeks ago by Sun Company of a 24 per cent stake in Becton-Dickinson, three powerful members of Congress have written to the Securities and Exchange Commission asking it to investigate the \$290m. deal.

In a letter to the chairman of the SEC, Mr. Harold Williams, Senators Harrison Williams and William Proxmire and Representative John E. Moss say that "the implications of this transaction are of pressing public concern and may require immediate Congressional attention if this type of transaction is not to become the rule."

The SEC is asked to investi-

gate and determine whether violations of the Williams Act, which governs takeovers and other provisions of the securities law, were committed.

It discusses the manner in which Sun, the 13th largest U.S. oil company, bought its interest in Becton Dickinson while public trading in that company's stock was closed.

It points out that among the unusual features of the deal, Becton Dickinson shareholders were not furnished with the information required by the Williams Act and were not afforded the opportunity to share in the premium paid to certain large investors for their Becton Dickinson stock.

It adds that these transactions were carried out secretly without public disclosure.

Two weeks ago, Sun bought its stake in Becton Dickinson privately from 24 large institutional investors without the transactions going through the New York Stock Exchange, as required by NYSE rules.

The 34 per cent. holding Sun bought is sufficient to block a rival bid for Becton Dickinson and provides a platform for Sun to launch a full take-over without the threat of a rival offer and the risk of an auction which would in effect drive up the share price of Becton Dickinson.

Massey Ferguson plans U.K. expansion

By Our Own Correspondent

MONTREAL, Jan. 30. DESPITE "severe production restraints and softened demand," Massey Ferguson plans capital spending of \$C140m. this year, against \$C147m. last year. It plans to increase production capacity for tractor-backhoe loaders in the U.K.

However, the production problems and lower demand will adversely affect income in the first quarter of 1978 and "possibly longer," the annual report says.

Interest costs in 1977 were \$C15m. or equal to 5.4 per cent. of sales, and growth in the burden had been "disproportionate to that of other expenses."

Canadian Occidental Petroleum has been refused Foreign Agency permission to take over Bridger Petroleum, a Western oil and gas production and development concern. This leaves the way open for a \$C12.5 share bid for the company by Home Oil, subsidiary of the big Toronto gas distributor of consumers gas.

Hudson's Bay Oil earnings up

CALGARY, Jan. 30.

HUDSON'S BAY Oil and Gas reported net earnings for 1977 of \$C98.9m. or \$C5.22 a common share, an increase of 26 per cent. over the prior year's earnings of \$C78.7m. or \$C4.15 a share.

Funds generated from operations were \$C188m. or \$C9.97 a common share, a gain of 35 per cent. Share dividends totalling \$C130.6m. in 1977, an increase of \$C26.5m. or 24 per cent. over the prior year. World-wide production revenues, after deducting all royalties and participating interests of host Governments, rose by \$C81.7m. to \$C243.0m. The major part of the gain resulted from crude oil and natural gas price increases in Canada, but foreign production also made a significant contribution to revenues for the first time in 1977 and accounted for \$C26.8m. Other operating and miscellaneous revenues were up \$C2.9m. bringing total net revenues for the year to \$C263.9m. a gain of 31 per cent.

Production of crude oil and natural gas liquids before deducting royalties and participating interests of host Governments, increased by 10,555 barrels per day to an average of 80,888 barrels per day, 15.5 per cent. higher than in 1976. Foreign

crude oil production of 9,900 barrels per day was the major contributor to the increase.

Sales of natural gas declined slightly to an average of 408.7m. cubic feet per day, largely a result of the continuing surplus of supply in Alberta.

Capital expenditures and exploration expenses totalling \$C130.6m. in 1977, an increase of \$C26.5m. or 24 per cent. over the prior year. World-wide petroleum outlays accounted for \$C113.9m. of the total and were up \$C21.5m. Spending on coal and minerals exploration and for evaluation of other new business opportunities was 22 per cent. higher at \$C6.8m.

Canadian petroleum expenditures totalling \$C101.4m. in 1977, a 38 per cent. increase over the prior year. Exploration outlays, at \$C53.2m. were up 52 per cent. essentially due to a record level of drilling activity. The company participated in the drilling of 131 exploratory wells. These resulted in 15 oil and 42 natural gas discoveries or extensions. Most of the successful oil wells were located in the Lloydminster area of Alberta and Saskatchewan while the natural gas completions were mainly in

the Whitecourt area of west-central Alberta and in the shallow gas region of eastern Alberta.

Development spending in Canada totalled \$C48.1m. up 25 per cent. from 1976, principally due to a higher level of development drilling activity. The company drilled 231.4 net development wells, 57 per cent. more than the prior year, and successfully completed 125 as natural gas wells and 64.4 as oil wells.

Foreign petroleum expenditures totalled \$C17.5m. in 1977, down \$C6.5m. from the prior year.

Of these wells one was in the south-east Sumatra contract area offshore Indonesia and the other on Block 21/3 in the U.K. sector of the North Sea.

Further drilling will be necessary to determine the commercial significance of the North Sea find, but a delineation well drilled about one mile from the south-east Sumatra discovery encountered a good thickness of oil pay, so preliminary planning is already under way for development of this discovery.

Agencies

Schlitz ends merger talks with Reynolds

MILWAUKEE, Jan. 30.

JOS. SCHLITZ BREWING said that exploratory discussions between the senior management of R. J. Reynolds Industries and Schlitz concerning the possible merger of the two companies have been terminated.

Schlitz said these discussions were preliminary in nature and did not lead to any offers by the parties or to any understanding or agreement.

Last week Schlitz stock was very active on the New York Stock Exchange, rising 14 points on Thursday on volume of 117,200 shares and 1 on Friday on turnover of 255,000 shares to end the week at \$13.

Earlier, a spokesman for Schlitz said the company had been the subject of rumours recently but declined to say what they concerned. An analyst at Milwaukee said the rumours concerned disposition of some assets, including possible sale of Schlitz's wine operations.

A Chicago-based analyst suggested a takeover similar to that by Philip Morris and the wonder they have done with Miller brewing.

Houston issue

Houston Industries, said it filed a registration statement with the Securities and Exchange Commission for the proposed offering of 2m. shares of common stock. It said the offering is expected to be completed by February 22 through an underwriting group headed by Morgan Stanley, Dean Witter Reynolds and Kidder Peabody.

Cons. Bathurst

Consolidated Bathurst, the major eastern Canada pulp and paper and packaging group in which Associated Newspapers holds a 12 per cent. interest, earned \$21.3m. or \$2.71 a share in 1977 against \$18.2m. or \$2.28 in 1976. These figures are after extraordinary items for 1977 (nil last year) including fire insurance proceeds, and charges for plant closures, reports our Montreal Correspondent. Features, due to earnings were \$10m. or \$1.32 a share, against \$8.3m. or 67 cents. Net sales in 1977 were \$688.9m. (\$745.2m.) and in the fourth quarter \$232.5m. (\$207m.). The increase came mainly from foreign exchange gains, higher shipments except for newspaper, and inclusion for part of the year of the sales of three packaging plants acquired in West Germany.

Rockwell ratings

Moody's Investors Service Inc. is raising the rating on bond issues of Rockwell International to single-A from BAA reports Reuter from New York.

The issues are 81 per cent. sinking fund debentures, due July 15, 1996, 8.9 per cent. due July 15, 1988, 8.5 per cent. sinking fund debentures due December 15, 1988, 8.3 per cent. sinking fund debentures due April 1, 1986 and 51 per cent. sinking fund debentures due February 15, 1981.

In addition, Moody's said it is raising the rating on Rockwell's two convertible subordinated debenture issues, the 41 per cent. due January 1, 1987 and 41 per cent. due February 15, 1991, to BAA from BA, and the rating on 54 per cent. sinking fund debentures due May 1, 1987, of Miehle-Goss Dexter Inc., which are guaranteed by Rockwell, to single-A from BAA.

European Options Exchange approves clearers

BY CHARLES BATCHELOR

AMSTERDAM, Jan. 30.

THE EUROPEAN Options Exchange (EOE) has approved 10 clearers from institutions wishing to be clearing members in on the point of formally putting another two. Of the seven are Dutch banks and the remaining five are international institutions. More than public order members have been approved.

Among the four largest banks, are Bank Nederland, Rotterdam - Rotterdam Bank, Centrale Rabobank and Middenstand - Middenstand will act as clearing member. Mr. Michael Jenkins, managing director of the European Clearing Corporation,

The three foreign institutions are Banque Rothschild of Paris, the U.S. stockbroker Merrill Lynch and First Options of Amsterdam, which is jointly owned by Barclays Kof, First Options of Chicago and W. I. Carr Sons.

The two remaining institutions yet to be formally approved are both foreign companies. The composition of this list reflects the desire of the EOE to have a wide geographical spread of clearing members and still give a clear Dutch flavour to the exchange. The only major country not represented as yet is Germany.

The EOE earlier said it would restrict the number of clearing members to between 15 and 20, so there is room for additions. More than 12 applications were received, but other institutions withdrew for a variety of reasons. One, for example, only intended clearing in one currency, which would not have given it a broad enough base for its customers' requirements.

Clearing members of the EOE must be companies or partnerships registered in Holland with an office in Amsterdam and a minimum net worth of Fls.500,000. They must also deposit Fls.12,500 or the equivalent.

For each of the currencies they propose to clear with a minimum overall of Fls.25,000. Internal tests of the clearing system have been carried out this month and they are expected to be completed by the end of this week. EOE preparations to open on April 4 are going according to plan.

Margaret Reid in London writes: Merrill Lynch, the world's largest stockbroker, will be offering a clearing service to other members of the European Options Exchange in its role as a clearing member of the Exchange. Merrill Lynch, which has a wide international network of offices, is planning to process material on each day's dealings on the EOE in the early evening for dissemination around its branches the following morning.

Pay problem at Montefibre

MILAN, Jan. 30.

MONTFIBRE SPA, synthetic fibres subsidiary of Montedison SPA, has told employees it can only pay them half of their January salaries. Payment will be made at the end of this week. Instead of last week as it should have been under normal circumstances. The measure affects around 20,000 workers.

Montefibre has for months been suffering heavy losses as a result of poor market conditions for its products as well as internal factors. The company has repeatedly stated it needs to make 8,000 workers redundant and close down a number of loss-making plants.

The company has not yet paid the thirteenth month bonus to employees for 1977, traditionally paid at the end of the year, because of its financial difficulties. Montefibre has been expected to benefit from a government measure making lire 300bn. available to pay wages to private firms in serious financial difficulties.

But the deadline for the share-out of the funds, which were to cover debt owed the firms by the state and public enterprise, has been extended from January 31 to February 20.

Reuters

EUROBONDS Boom in DM issues continues

By Francis Ghiles

THE BOOM in new DM-denominated bonds continues. Demand for the Argentine issue is understood to be very strong, and yesterday Deutsche Bank confirmed it was managing two further issues: DM100m. for Eurofina, which indicated a coupon of 51 per cent. and a year final maturity, and for Norcem, the Norwegian cement company, DM50m. for seven years on an indicated coupon of 6 per cent. The first issue has a grace period of five years, and a sinking fund will operate on the second.

The German market's sub-committee has agreed to DM970m. worth of new issues for February. This figure includes the delayed DM200m. for New Zealand, but a further DM300m. for international companies might be added.

In the dollar sector the day was quiet. The indicated minimum rate of interest on the Long Term Credit Bank of Japan Finance NV's \$80m. floating rate note issue was cut from 61 per cent. to 61 per cent. The manager is First Boston (Europe).

In the sterling sector, good two-way business was reported. In its first day of trading, the EIB issue was being quoted at 991/999.

The Spanish National Railways plans to float a Y200m. loan in the Japanese capital market next April. This could make April a record month for new yen issues.

The other three issues planned for that month and already announced are Y550m. for Sweden, Y250m. for Norway and Y150m. for Argentina.

Norway is planning a Sw.Frs.200m. private placement on an indicated coupon of 3.75 per cent. The lead manager is not yet known.

The exchange offer by Reliance Group for the two outstanding Leasco convertible Eurobonds closes on February 3. Arrangements are being handled by Credit Suisse White Weld.

Karstadt sees lower profits

FRANKFURT, Jan. 30. KARSTADT, Europe's largest retailing concern, has seen better years. Today's preliminary report on 1977 states that earnings will be markedly below those of 1976.

However, in reviewing Karstadt's performance, there are a number of special factors that have to be taken into consideration, and most important of all is Karstadt's rescue of the ailing Neckermann group.

The year was largely one of stagnating turnover, which is not immediately apparent in the figures because of the considerable group reorganisation that has taken place during the course of the year.

According to today's statement, the Karstadt undertaking's turnover, including value added tax, increased by 8.6 per cent. to DM7.35bn. However, Neckermann's turnover fell back by 9.1 per cent. to DM2.35bn. while sales of the Kette Kaufhaus chain and Karstadt SB (the self-service operation) dropped by 10 per cent. to DM1.02bn. Karstadt's travel business saw sales increase 18 per cent. to DM1.96bn.

Sun Life sets up new meeting

BY ROBERT GIBBENS

MONTREAL, Jan. 30.

SUN LIFE Assurance of Canada's office from Montreal to Toronto. A special participating policyholders' meeting held Friday in Toronto was to have decided the future location of head office. The company will set up a new office in Toronto, but at the last minute, in response to pressure from the participating policyholders, president Mr. Thomas Galt says.

There is one vote per policy, and in all, Sun Life has about 1,500,000 policyholders. The company, which began in Montreal over a century ago, now has over \$80m. in assets and \$31bn. life insurance in force world-wide. It is the largest domestically controlled life insurance company in Canada.

The new proxies will be sent out in mid-February for the April meeting, which will vote on the proposal to move head

office from Montreal to Toronto. No opposing arguments will be allowed in the solicitation material. However, he was careful to make a clear distinction between the legal transfer of people. There are 1,800 employed at head office now in Montreal.

Even if legal authority for the transfer of head office were given at the meeting, there would be no major move of personnel for "around two years." This could allow for a change in the political situation and possible compromise on the Quebec language legislation.

Sun Life has cited the French language charter passed last fall in Quebec as the main reason why it wants to move head office.

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Gulf Oil misses profit target

NEW YORK, Jan. 30.

GULF OIL said fourth quarter earnings were hurt by higher provision for U.S. income tax. The company reported quarter earnings down 19.7 per cent. to \$218m. or 90 cents a share from \$261m. or \$1.12 in the 1976 period.

Gulf said the year fell "far" short of its expectations as a number of "significant operating achievements" were not matched by earnings gains.

While some of the problems of 1977, such as a decline in chemical earnings, are expected to continue into 1978, "we remain confident that our course is correct," Gulf said.

Net profits for the year totalled

\$762m. or \$3.86 a share against \$916m. or \$4.19. Revenue \$19.5bn. against \$18.4bn.

Gulf said it spent \$3bn. on capital and exploration projects, compared with \$1.74bn. in 1976. These resulted in a \$490m. charge against 1977 income compared with \$384m. in 1976.

The company said it was also adversely affected by the Government's refusal to grant "pre-increases."

Compliance with a contract of natural gas deliveries to Texas Eastern Transmission Corporation also reduced potential earnings, Gulf said. Deliveries averaged 592m. cubic feet a day

averaged 592m. cubic feet a day was sold at the contracted 1963 price of 21 cents per thousand cubic feet although the current interstate gas rate is \$1.55 per thousand.

Gulf said exploration and production efforts in Europe continued to post losses, reflecting the company's drilling programme in the North Sea where initial production began at the year-end.

It added that other foreign petroleum operations, primarily reflecting Gulf's production in West Africa and the Middle East and its tanker operations, posted declines.

Reuters

Wyly delays plan

Wyly Corporation has postponed final decisions concerning its recapitalisation plan until next week, reports Reuter from Dallas.

Wyly said it requires additional time for further discussion with senior creditors and evaluation of its situation since the expiry last Friday of the exchange offer for its 74 per cent. debentures.

The company received tenders representing about 66 per cent. of its \$30m. debenture debt. Wyly's directors will meet next week to decide whether to accept the debenture amount tendered.

General Tire outlook

AKRON, Jan. 30.

ANNUAL PROFITS of General Tire and Rubber Company increased last year in spite of lower fourth quarter results. The company reported 1977 earnings of \$116m. or \$6.09 a share, against \$104.7m. or \$4.59 a share for 1976, on sales of \$2.11bn. against \$2.02bn. Profits per share have been adjusted for a 2 per cent. stock dividend.

Final quarter earnings were \$27.1m. or \$1.19 a share, against \$27.5m. or \$1.21 a share in 1976, on sales of \$554.6m. against \$550.2m.

The company said the outlook for its business in 1978 is "at best," uncertain. "Current conditions suggest that new car sales level, which could affect the company's tyre, plastic and industrial products divisions."

It added that the gains made by the radial tyre have created an industry-wide surplus production capacity for bias-ply tyres and, as a result, price competition has been, and will continue to be, quite keen.

Reuters

U.S. QUARTERLIES

BALTIMORE GAS & ELECTRIC			
Fourth Quarter	1977	1976	
Revenue	184.5m.	179.4m.	
Net profits	14.6m.	15.2m.	
Net per share	0.45	0.53	
Revenue	792.5m.	725.7m.	
Net profits	84.7m.	88.0m.	
Net per share	2.86	3.12	
BRANIFF INTERNATIONAL			
Fourth Quarter	1977	1976	
Revenue	216.9m.	80.3m.	
Net profits	11.9m.	9.4m.	
Net per share	0.59	0.46	
Revenue	791.2m.	679.7m.	
Net profits	36.4m.	28.4m.	
Net per share	1.82	1.51	

DAYTON POWER & LIGHT			
Fourth Quarter	1977	1976	
Revenue	117.3m.	113.7m.	
Net profits	7.9m.	12.1m.	
Net per share	0.27	0.57	
Revenue	446.5m.	397.9m.	
Net profits	31.7m.	34.9m.	
Net per share	1.70	2.05	
GOULD INC.			
Fourth Quarter	1977	1976	
Revenue	433.3m.	362.8m.	
Net profits	25.4m.	21.5m.	
Net per share	1.00	0.91	
Revenue	1.6m.	1.1m.	
Net profits	93.6m.	60.0m.	
Net per share	3.72	3.21	

NABISCO			
Fourth Quarter	1977	1976	
Revenue	568.5m.	532.6m.	
Net profits	30.35m.	22.87m.	
Net per share	1.89	1.43	
Revenue	2,070m.	1,970m.	
Net profits	103.9m.	82.2m.	
Net per share	6.47	5.14	
NORTHERN STATES POWER			
Fourth Quarter	1977	1976	
Revenue	234.7m.	208.1m.	
Net profits	23.9m.	25.3m.	
Net per share	0.69	0.74	
Revenue	898.7m.	769.6m.	
Net profits	106.4m.	97.6m.	
Net per share	3.13	2.93	

PROCTER & GAMBLE			
Second Quarter	1978	1977	
Revenue	1,920m.	1,730m.	
Net profits	110.9m.	101.0m.	
Net per share	1.34	1.28	
Revenue	3,560m.	3,500m.	
Net profits	280.9m.	256.5m.	
Net per share	8.18	7.86	
UNITED TECHNOLOGIES			
Fourth Quarter	1977	1976	
Revenue	1,430m.	1,300m.	
Net profits	49.0m.	39.5m.	
Net per share	1.58	1.19	
Revenue	5,550m.	5,170m.	
Net profits	196.0m.	157.4m.	
Net per share	6.69	5.06	

ZINC AMHEAD

ZINC FUTURES TRADING BEGINS FEBRUARY 8, 1978

U.S. industry will now be afforded the opportunity to hedge their zinc requirements on an efficient, accessible, New York market, which eliminates the burden of hedging foreign currency.

Hedgers and public traders will benefit by the convenient market hours, the rapid order execution and the prompt dissemination of trading data characteristic of all metals futures traded on COMEX.

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Achilles heel of Romanian nationalism

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PROTESTS that have become public have drawn international attention to the position of the largest national minority in Europe, the 1.7m. Hungarians in Romania. First, Mr. Gyula Illyes, the greatest living Hungarian poet in a Budapest daily, Magyar Nemzet, made a passionate protest against the violation of what he called the "elementary human rights of the Hungarians living in neighbouring countries. Without mentioning any country by name, he complained about "a policy of discrimination practised against the Hungarians generally regarded by the Hungarian public as being directed against Romania."

The entire issue has so far been largely overlooked abroad, in contrast with the publicity surrounding the thorny problem of the emigration from Romania of ethnic Germans. The number of Germans, according to the latest census in January 1977, was just under 300,000, which was 25,000 fewer than in 1966. Last year some 10,000 Germans were allowed to leave, and after the recent visit of Herr Helmut Schmidt, the West German Chancellor, to Bucharest, the German side concluded that the same rate of emigration could be expected during the next five years. According to German press reports, about 80 per cent of the Germans there wish to leave Romania.

Mr. Kiraly complained that Hungarians are discriminated against in employment and education. "What particularly carries me is the arbitrary way in which party functionaries from the bottom to the very top con-

Neighbour

The situation of the Hungarians is completely different. To start with, their number, according to Romania's



Pres. Ceausescu of Romania: each country decides the status of the national minorities in its borders!

official statistics, 1.7m.; according to conservative Hungarian estimates well over 2m. Furthermore, they are part of a nation whose state is a direct neighbour of Romania. Last but not least, the Romanians regard every complaint as a prelude to territorial claims. During World War Two, Hungary temporarily regained the northern part of Transylvania which, in 1918, had become part of Romania. Before that all of Transylvania had been part of Hungary.

The implications of the Hungarian question in Romania go well beyond the purely bilateral. After the collapse of the Austro-Hungarian monarchy, one in three Hungarians fell under foreign rule. According to Mr. Illyes, there are now 15m. of ethnic Germans between the Alps and the Carpathians, of whom only some 10m. live in Hungary proper. His estimate may well be exaggerated. But the fact remains that even according to official figures, some 600,000 Hungarians live in Slovakia and some 500,000 in Yugoslavia. A wave of aggressive Hungarian nationalism could, as in the interwar period, again pose a threat to stability in the Danube basin.

Despite growing pressures at home, Mr. Janos Kadar has made no public allusion to the Hungarians in Transylvania. At a meeting last June, Mr. Kadar and President Nicolae Ceausescu of Romania signed a communiqué, stating that the three major minorities in each country should not benefit fully from the travel concessions.

The visitor to Budapest hears "gradually time and again that these measures have not yet been carried out because the Romanians are dragging their feet. The treatment of the Hungarians in multinational Yugoslavia, and the movement they enjoy is repeatedly mentioned as an example the Romanians should follow.

The Romanians say that the "co-inhabiting nationalities," and thus also the Hungarians, are represented according to their proportional strength at all levels of the "elected" state organs and the party bodies: that they have their own newspapers, accidental-

WORLD DEFENCE INDUSTRIES

The Financial Times proposes to publish survey on World Defence Industries on March 1st, 1978. The provisional editorial synopsis set out below.

Despite attempts by some countries to spend, defence remains one of the world's biggest industries, collectively accounting for outlays of well over \$300 bn. a year. Demand for conventional weapons in particular continues to grow, especially in the countries of the Third World, and there is fierce competition for these markets.

Editorial comment will also cover:

- THE BIG BUYERS AND SPENDER
- THE PRESSURES AND PROBLEMS IN NATO
- THE U.S. POSITION
- THE WARSAW PACT
- THE STRATEGIC ARMS LIMITATION TALKS
- THE MIDDLE EAST
- CHINA'S GROWING ROLE
- AFRICA

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For further information on this survey and details of advertising rates please contact Nicholas Whitehead, Financial Times, Bracken House, 10, Cannon Street, London EC4A 3DF. Tel: 01-248 8000 Ext. 7112. Telex: 883033 FINTING.

FINANCIALTIMES EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of articles in the Financial Times are subject to change at the discretion of the Editor.

CONTRACTS AND TENDERS

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE INVITATION TO TENDER

Tenders are invited for the urgent supply and delivery of 20 to 25,000 tonnes of wheat flour in new or good quality, second-hand double jutesacks. The bags must be marked "A Food Aid Gift of the United Kingdom". The consignment is destined as United Kingdom national food aid for eventual delivery to Vietnam and must be delivered to Avonmouth by 8th March 1977. Tenders will only be accepted in respect of the total quantity and is to be loaded within 12 working days.

The allowance for the supply and delivery of the grain will be embodied in a "Notice of Invitation to Tender" together with tendering forms may be obtained from Branch B, Internal 2 West Mail, Reading Board for Agricultural Produce. Tenders must be submitted by 12 noon on Tuesday, 7th February, 1978, to: Home Grown Cereals Authority, Hamlyn House, Highgate Hill, London N19 5PR.

LEGAL NOTICES

No. 0053 of 1978
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court, in the Matter of ELECTRICAL SERVICES (BRISTON) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named company by the High Court of Justice was presented to the said Court by THE FITTINGS COMPANY, a company incorporated in England, on the 25th day of January 1978, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London W.C.2, on the 27th day of February 1978.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the petitioner in writing, his name and address, and the name and address of the person, or firm, or his or their solicitor (if any), by whom he or they intend to appear, and must be signed, or in the case of a firm, must be signed by a partner or a director or a person authorised by the firm to do so, and must be served, or sent by post, in sufficient time to enable the petitioner to take any necessary steps in the afternoon of the 25th day of February 1978.

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When Viking landed on Mars, it obeyed commands received with the help of an NEC device. So today we know much more about that mysterious planet. Not quite so romantic yet also of great importance has been NEC's major contributions to scientific satellites expanding the boundaries of man's knowledge.

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Nippon Electric Co. Ltd.

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STOCK EXCHANGE REPORT

Buyers hold off again in face of many uncertainties

Share index down 7.5 at 470.0—British Funds dull again

Account Dealing Dates

Options

First Declara-

Last Account

Dealing Dates

Jan. 26 Jan. 27 Feb. 7

Feb. 13 Feb. 14 Feb. 21

Feb. 27 Feb. 28 Mar. 6

Mar. 13 Mar. 14 Mar. 21

Mar. 27 Mar. 28 Apr. 4

Apr. 11 Apr. 12 Apr. 19

Apr. 25 Apr. 26 May 3

May 10 May 11 May 18

May 24 May 25 May 31

Jun. 6 Jun. 7 Jun. 14

Jun. 20 Jun. 21 Jun. 28

Jul. 5 Jul. 6 Jul. 13

Jul. 19 Jul. 20 Jul. 27

Jul. 31 Aug. 7 Aug. 14

Aug. 21 Aug. 22 Aug. 29

Aug. 31 Sep. 7 Sep. 14

Sep. 20 Sep. 21 Sep. 28

Sep. 30 Oct. 6 Oct. 13

Oct. 20 Oct. 21 Oct. 28

Oct. 31 Nov. 6 Nov. 13

Nov. 20 Nov. 21 Nov. 28

Nov. 30 Dec. 6 Dec. 13

Dec. 20 Dec. 21 Dec. 28

Dec. 31 Jan. 6 Jan. 13

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Apr. 31 May 6 May 13

May 20 May 21 May 28

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Rhodesian bonds trended easier

in the

third quarter. H. Wigfall, 6 down

at 260p, met profit-taking

awaiting further developments on

the bid from the Patriotic Front; the

2 1/2 per cent. 1983-78 stock eased

2 1/2 to 267.

Rather thin and sensitive

conditions prevailed in the investment

currency market and the premium

after rising to 77 per cent.

reverted on the appearance of one

seller late and a dearth of buyers

ad of President Carter's Press

conference was more than enough

to deter potential buyers in stock

markets yesterday at the start of

an account.

Friday's small technical

in British Funds and leading

issues showed no signs of a

jump with prices in both

markets showing a slight

downward trend. The

road list of falls, generally to

the Government Securities

at 5.25 off at 75.84, which is

more than 3 per cent. down on

September's 1977-78 high.

The trend in the equity

markets reflected in the FT Industrial

Share Index, which fell 7.5

points to 470.0, after a

narrowly edged rise to 477.5

on Monday. The

FT-Actuaries Index, which

is a more conservative

measure of the market, fell

1.5 points to 180.0, after a

narrowly edged rise to 181.5

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FINANCE, LAND—Continued[illegible][illegible]

56	2	Wm. Kugel Inc.	56	+2
57	1b			
58	1			
59	1			
60	1			
61	1			
62	1			
63	1			
64	1			
65	1			
66	1			
67	1			
68	1			
69	1			
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94	1			
95	1			
96	1			
97	1			
98	1			
99	1			
100	1			

[illegible][illegible][illegible]

15	19.1	prospectus or other official estimate	164.80	32
16	19.1	based on prospectus or other official estimate	143.99	33
17	19.1	M Dividend and yield based on prospectus	88.65	34
18	19.1	estimates for 1978. N Dividend and yield		35
19	19.1	or other official estimates for 1978. P		36
20	19.1	based on prospectus or other official	146.90	37
21	19.1	Q Gross. T Figures assumed. U	159.05	38
22	19.1	Q Gross. T Figures total to date		39
23	19.1	Tax payable. Z Dividend total to date	166.99	40
24	19.1	assumption Treasury Bill Rate stays unchanged	218.64	41
25	19.1	of stock.	258.96	42
26	19.1	Abbreviations: W = dividend; X = net profit		43

